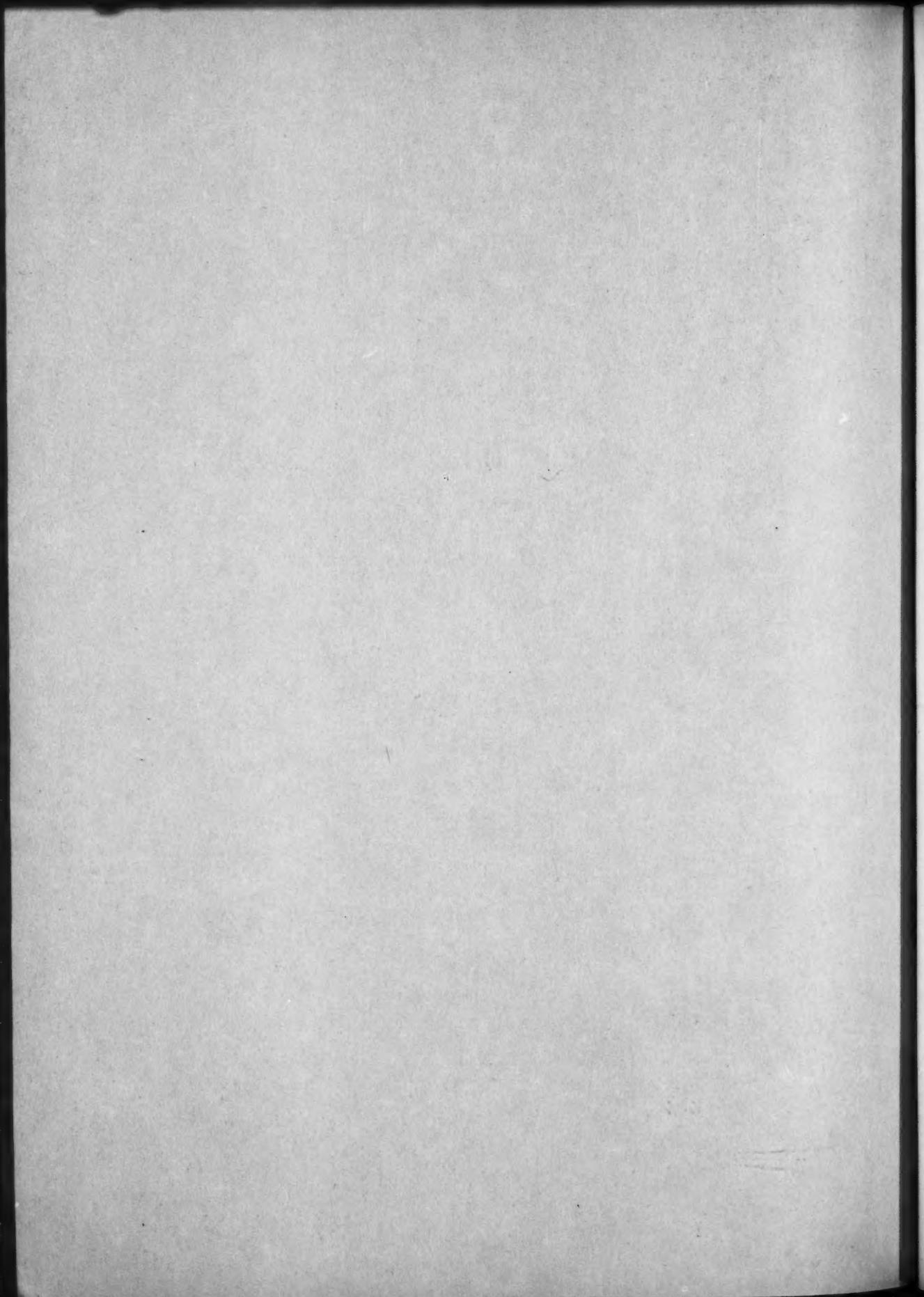


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1958

**Economic
Survey
of Asia
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1958**



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PREFATORY NOTE

The present *Survey* is the twelfth in a series of reports prepared each year by the secretariat of the Economic Commission for Asia and the Far East. A major object of these *Surveys*, and of the quarterly *Economic Bulletins* which supplement them, is the analysis of recent economic developments in, and affecting, the countries of Asia and the Far East in so far as these developments are shaped by, and help to determine, their policies.

Following the usual pattern, Part I of the present report gives a preliminary view of the economic situation in the ECAFE region in 1958. Part II is devoted to a review of postwar industrialization in the region—the efforts towards industrialization, the growth and structure of industry, the development of selected industries (coal, cement, cotton textiles and chemical fertilizers) and the relations between industrial growth and economic development.

The *Survey* is published solely on the responsibility of the secretariat, and the views expressed therein should not be attributed to the Commission or its member Governments.

Bangkok

March 1959

EXPLANATORY NOTE

Reference to "tons" indicate metric tons, and to "dollars", United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank in a table indicates that the item is not applicable.

A minus sign (-) indicates a deficit or decrease.

A full stop(.) is used to indicate decimals.

A comma (,) is used to distinguish thousands, millions and billions.

A hyphen (-) between dates representing years, e.g., 1950-1958, is used to signify the full period involved, including the beginning and end years.

A slash (/) indicates a crop year, fiscal year or plan year, e.g., 1957/58.

The crop years used by ECAFE countries in their agricultural statistics vary according to their agricultural seasons. Except in the more northern countries of the region, where calendar years are generally used, crop years are indicated by split years, running most commonly from the middle of one year to the middle of the following one. For details on notation followed in this Survey, see page 7, footnote 2.

The plan years of the ECAFE countries coincide with their fiscal years as given in the table below, except in the case of China: Taiwan, where the plan year coincides with the calendar year.

Where reference is made to the "ECAFE region", the countries listed below have generally been included, subject to limitation of data.

Country	Fiscal year	Currency and abbreviation	United States cents per unit of currency at end of December 1958
Afghanistan	21 March to 20 March to 1955/56; 21 March to 31 August, in 1956; September to August, from 1956/57	Afghani	1.904*
British Borneo ^b	January to December	Malayan dollar (M\$)	32.67
Burma	April to March 1935-1941; October to September, from 1945	Kyat (K)	21.00
Cambodia	January to December	Riel (Ri)	2.857
Ceylon	October to September	Rupee (Rs)	21.00
China: Mainland ^c	January to December	Yuan	42.46
Taiwan ^d	January to December, to 1953; January to June, 1954; July to June, from July 1954	New Taiwan dollar (NT\$)	2.760*
Federation of Malaya	January to December	Malayan dollar (M\$)	32.67
Hong Kong	April to March	Hong Kong dollar (HK\$)	17.50
India	April to March	Rupee (Rs)	21.00
Indonesia ^e	January to December	Rupiah (Rp)	3.300 ^f
Iran	21 March to 20 March	Rial	1.320
Japan	April to March	Yen (Y)	0.278
Korea, southern ^g	April to March, to 1953/54; April to June, 1954/55; July to June (extended to December), 1955/56; January to December 1957	Hwan	0.20 ^h
Laos	January to December	Kip (Kp)	1.250 ⁱ
Nepal	July to June	Rupee (Rs)	16.09 ^j
Pakistan	April to March ^k	Rupee (Rs)	21.00
Philippines	July to June	Peso (P)	50.00
Singapore	January to December	Malayan dollar (M\$)	32.67
Thailand	April to March, to 1939; April to December, 1940; January to December, from 1941	Baht	4.785 ^l
Viet-Nam, southern ^m	January to December	Piastre (Pr)	2.857

* Free rate on 20 March 1957 as first reported in *International Financial Statistics*, November 1958, p.262. On the same date the following official rates applied: buying rates: 4.630 for Karakul exports, 3.787 for cotton and wool exports and 2.049-2.358 for other exports; selling rates: 3.527-4.938 for official basic rates, and 3.091-4.494 for preferential import rates.

^b British Borneo includes the territories of Brunei, North Borneo and Sarawak.

^c The area under the Central People's Government of the People's Republic of China.

^d The area the Government of the Republic of China.

^e Devalued from 4.036 on 21 November 1958.

^f Principal export rate in December 1958 under the new system of exchange certificates which became effective from 20 June 1957. In December 1958 also, the principal import rates were 1.760-2.638; other import rates, 0.960-1.319.

^g The area under the Government of the Republic of Korea.

^h Official and troop pay rates. Curb rate: 0.085.

ⁱ Devalued from 2.857 on 10 October 1958.

^j For further details on the exchange rates applicable to different types of transaction, see *Economic Survey of Asia and the Far East*, page 144 of 1956 issue and page 189 of 1957 issue.

^k A fiscal (and plan) year of January to December is proposed beginning in 1960.

^l Average of January-December 1958.

^m The area under the Government of the Republic of Viet-Nam.

INTRODUCTION

1958 was in general a year of moderate economic setbacks in Asia and the Far East, but happily it ended better than it began. Temporary difficulties in many of the countries, including unfavorable weather conditions in the autumn of 1957, touched off more adverse repercussions than their economies had the momentum to take in their stride. The "creeping recession" in Japan, following the halt which had to be called to the Japanese boom in mid-1957, not only slowed progress in this major industrial country of the region but reduced considerably the primary exports of the other ECAFE countries. In India, the foreign exchange stringency continued to act as a brake on the planned industrial advance. Average consumption levels throughout the region were, if anything, lowered.

Then, towards the end of the year, the clouds appeared to be lifting—with better food crops in sight in a number of countries, industrial capacity (if not yet output) clearly on the rise in India, some of the smaller industrial producers showing continued gains, the up-sloping edge of the "saucer" of Japan's cycle apparently reached or passed. All the long-term economic problems remained, summed up in the dangerous tendency for the income gap between the developed and the less developed countries to widen; there was reason, however, to hope that this dip in the curve lay behind.

The foregoing characterization does not include mainland China's centrally planned economy, which is said to have made a "great leap forward" in 1958, especially in the later months of the year. The extent of the gains claimed in official reports is shown separately in the *Survey*;¹ no precise assessment is attempted in view of the continued difficulties of verification and comparison; these also are indicated.

* * *

The 1957/58 rice crop for the region as a whole, excluding mainland China, was 7.6 per cent short of the previous year's record. Cereals in total were down nearly 6 per cent. Although some major export crops were larger than before (tea, sugar, jute, cotton), rubber and copra volume was reduced. Total agricultural output, as a result, was appreciably down. These, to be sure, are regional aggregates, and conceal many variations between countries. The main rice exporters, Burma and Thailand, saw their output

reduced considerably, as did India and Pakistan among the big food importers. But China: Taiwan boosted its rice exports, and food production also rose in some food-deficit countries, notably Ceylon, Japan (which continued its recent succession of good rice crops) and southern Korea. The Philippines fared well in sugar, but the drought reduced output of copra, as well as of paddy and maize. Several of the regional aggregates suffered from disturbed conditions in the producing areas of Indonesia; this occurred, for instance, in the case of rubber, against a rise in output in some countries, including Ceylon and the Federation of Malaya.

Allowing for the fact that many of the setbacks were temporary (as the encouraging preliminary estimates for the 1958/59 paddy crop, for example, seem to show that they were),² it would nevertheless appear that agricultural expansion in a number of the countries of the region has hardly materialized to the extent anticipated, and that plan targets—mostly for 1960 or 1961—are often still rather far from being reached. Certainly, events in 1957/58 have showed again that agricultural production is basic in the region, and that it needs to be strengthened if industrial development is to succeed.

It is not a question of agriculture *or* industry. Clearly, without progress in industrialization there is little hope of sustained economic advance and higher levels of living for the less developed countries. It would generally be a mistake to cut back industrial plans drastically when discouraging setbacks occur. On the other hand, an adequate infrastructure of transport and power facilities and so on, and a strong agricultural sector, are also essential. It seems self-evident from the data on *per capita* food production in the ECAFE region, which is not yet restored even to prewar levels, that Asian agriculture is in general too weak and the whole economic structure, therefore, too shaky. The dependence on cereals grown outside the region appears excessive, and in any case the vagaries of the weather play too prominent a part.

² Turning points are not quickly established and recorded in Asia. For example, information on the fourth quarter of the year available to the secretariat at the time of writing were fragmentary; data on trade (though not on terms of trade), on prices and on industrial production could generally be had for most countries for the first nine months; firm estimates of agricultural production for seasonal crops, and balance of payments data, were available for only the first six months of the calendar year.

¹ Especially in Chapter 1, p.15 ff.

Even a comparatively small reduction in food crops causes hardship in deficit areas, and moreover is registered throughout the whole economy by way of some combination (related largely to the country's export or import status) of effects such as higher food prices, lower export proceeds, reduced government revenues or increased expenditures for food subsidies, increased grain imports, balance of payments strain, reduced imports of badly needed capital equipment and raw materials.

The 1958 picture in industry was one of moderate production gains in some industrializing countries such as China: Taiwan, India (a slight increase), southern Korea, Pakistan and the Philippines—gains which were more or less cancelled out in the regional totals, however, by the setback in Japan. The regional indexes show no sharp drop, as in agriculture, but rather a levelling off in the latter part of 1957 from the previous steep advances, then a tendency to move up and again down, and finally, towards the end of 1958, an apparent, rather general, resumption of upward trends. Admittedly this picture is not complete, since, in varying degrees in different countries, the smaller establishments and those not using electric power are disregarded in the composition of the industrial index numbers.

Some significant tendencies may be noted. Cement and electric power production rose nearly everywhere except in Japan; cotton textiles, nearly everywhere except in Japan and India. The fuels, coal and petroleum, also went ahead. India, although still using considerable imported steel, significantly expanded its production of industrial machinery and machine tools, and several others, including China: Taiwan, southern Korea and Pakistan, also enlarged the production of their newly established engineering industries somewhat. The relation of most of these items to over-all industrial and economic development is clear. In the case of textiles, however, the desire of importing countries to become self-sufficient, and the comparative ease and speed with which they have been moving towards that goal, have other clear implications as well; these developments signal growing difficulties ahead for India and Japan, long two of the major textile exporting countries of the world, and would seem to point to the need for international consultations (within the region as well as outside) if competition in the industry is not to become chaotic.

One of the widely prevalent phenomena of the recent period, and one of the most damaging in its after-effects, was the decline in imports of capital goods, and materials chiefly for capital goods. This was brought about by foreign exchange stringency.

This in turn usually flowed largely from reduced exports of agricultural products, whether caused by declining world demand or by inadequate production in the countries of the region or by both. In the second half of 1957, the countries of the region (excluding mainland China and Japan) were importing such capital items at an annual rate of over \$3.3 billion, but in the first half of 1958 the annual rate was only \$2.8 billion. Industrial development was the evident loser to that extent. In Japan, the corresponding decline, for somewhat different reasons, was even sharper—from an annual rate of \$1.7 billion to one of less than \$1 billion in the same period.

The credit restrictions which were applied in Japan as from May 1957, to check the boom and conserve foreign exchange by limiting imports of industrial raw materials, cut industrial production back by 6 per cent within three months. Since then, prices have fallen more than production, although some key industries have reduced their rate of operations by as much as 30-50 per cent. Inventories have been considerably reduced; consumer demand has held up well; the Government's policy in the current fiscal year has worked on the side of expansion; and the configuration of the indexes has convinced many analysts, including the Bank of Japan, that the depression phase of this business cycle has run its course, and that recovery is on the way. A serious problem still largely uncorrected, however, is the "excess capacity" in many key Japanese industries—excess in relation to expected demand and to Japan's expected ability to import raw materials.

* * *

After holding up well in 1957—better than world trade as a whole—the foreign trade of the ECAFE region, excluding mainland China, contracted in 1958. Omitting also Japan, the value of the aggregate exports of all the countries concerned was 11 per cent smaller in the first nine months of 1958 than in the first nine months of 1957 (lowered from \$4.9 billion to less than \$4.4 billion), as compared with a decline of only 6 per cent for total world exports. The imports of these countries were cut, by means of monetary and direct trade measures, even more sharply, falling off by nearly 16 per cent (from \$6.5 billion to \$5.5 billion) in this same period. Their trade deficit was thus reduced considerably, though it still remained large.

The decline in exports hit nearly all countries of the region. In terms of quantity, all important primary exports except jute and tea were adversely affected; tin and coconut products, for example, were reduced by about 30 per cent, rice by about 20 per

cent, cotton by about 15 per cent. In terms of value, the situation was in most cases at least as unfavourable, since export prices (as contrasted with the cost of living, which rose somewhat in most countries) generally either sagged or showed little change. Thus, sugar prices were about one-third lower, although the volume held up, and rubber prices demonstrated their usual instability by falling about 15 per cent, reinforcing a 6 per cent reduction in volume. Only copra and rice prices (among the major primary exports) rose substantially above 1957 levels—in both cases, because of reduced supplies rather than increased demand.

As has often been pointed out, the trade difficulties of the primary producing countries of this and other regions are by no means solely problems of cycles or instability, serious though those problems are. The position of primary producers *vis-à-vis* producers of modern manufactures is chronically weak for several reasons, including the gradual development of synthetic substitutes for many natural products. The generally observed result is that world demand for modern manufactures grows more rapidly than does world demand for primary products (or, for that matter, for the textile manufactures so favoured by the ECAFE countries). Long-run as well as cyclical factors appear to have been at work in the decline of the terms of trade for 18 primary products from 16 countries of the region from 104 in 1955 (1953=100) to 100 in 1956, 81 in 1957 and 69 in the first quarter of 1958. It may be noted that the unit value of exports from industrial countries declined only fractionally in the first nine months of 1958, despite the recession.

The industrial recession which began in the United States in the third quarter of 1957 caused some of the reduction in the earnings from the region's major primary exports, notably rubber and tin (although the price of the buffer stock position for tin was also affected by sales by the Soviet Union in Western markets). It is interesting to note, however, that fears based on earlier experiences were shown to be partly unfounded. In the second half of 1957, the primary producing countries of the region exported slightly *more* (by value) to the United States than they had in the first half, and in the first half of 1958 only \$49 million less; the total direct loss was thus very small. It was the comparatively sharp reduction of their exports to Japan, following the measures taken by Japan to protect its balance of payments, that brought the recession to the primary producing countries' door in 1957. Moreover, by 1958, when the main impact of the by then worldwide recession in the industrial countries hit the ECAFE primary producers, the

effects from the United States were far less in terms of direct reduction in purchases than of indirect repercussions through the downward pressure brought to bear on primary commodity prices in world markets generally.

Western Europe still remains the largest market as far as the ECAFE region is concerned. Much importance therefore attaches to whether or not Western Europe will follow the United States on the road to recovery. Particular interest also attaches to the effects that may ultimately be transmitted by the European Common Market, whose first import duty reductions came into effect on 1 January 1959, as well as by the moves towards currency convertibility announced a few days earlier. Brief notes on these two subjects are included in this report.¹ At first glance it would seem that any gains to countries of the ECAFE region in the way of trade liberalization arising from the partial convertibility measures may be rather limited, although opportunities for progress towards multilateralism will be offered to those countries in a position to take advantage of them. Some countries of the region have expressed concern lest the Common Market, embracing as it does the overseas territories of its European members, may injure Asian interests, particularly by leading to discrimination against certain of the Asian primary exports. But there is still, at this early stage, very little specific information available on either subject, and it would be premature to pass judgement at this time.

Another topical interest is the entry of mainland China into Asian export markets. The competition became obvious in 1958 in the case of cotton textiles particularly. Mainland China's rice exports are also likely to come into prominence. Estimated by FAO as having grown from 280,000 tons in 1957 to 800,000-900,000 tons in 1958 (excluding exports to the Soviet Union), they may rise further in 1959 in view of the great expansion reported in the current season's paddy crop.

* * *

A feature of this year's report is a review of postwar industrialization in the region—the motivating and supporting forces, the nature and extent of the progress achieved and the interrelations with economic development in general. The shortness of the history of industrialization, everywhere in the region except in Japan, makes much of what is said there relevant also in an assessment of the year just past.

The industrialization drive has been, for one thing, an expression of the freedom to shape their own economic destiny gained by so many of the

¹ See Chapter 2, pp.32-34, and the Note to Chapter 2.

countries of the region since the end of the Second World War. Population pressure is a second strong impelling factor. Since population density in the ECAFE region is already among the highest in the world, and the population is growing at an average rate of 1.7 per cent a year (1957 estimate), new work opportunities must, in many countries, be found outside of agriculture, where underemployment in any case tends to be heavy, if low levels of living are not to deteriorate further. In plantation or estate economies (in Ceylon or the Federation of Malaya, for example), agriculture's own capacity to absorb "surplus labour" appears particularly limited.

Apart from its often demonstrated capacity to raise *per capita* income, industrialization is important for combating underemployment and unemployment, and for reducing economic vulnerability and instability by promoting diversification. But it must be conceded that very little progress has so far been achieved by the countries of the region in these directions, particularly the former. The promise is there, but the time has been too short for fulfilment. For example, although employment data are scarce and inconclusive, it is doubtful whether unemployment and underemployment will be appreciably, if any, less in India, Pakistan and the Philippines (or other countries) upon the completion of their present five-year plans than at the beginning.

Much emphasis has been and is being placed, in economic development plans, on improving the transport and power facilities. That is an essential step if manufacturing industry is to be solidly based. Thus far, railways have been overwhelmingly important in Asia as inland carriers, though this may tend to change somewhat as roads, inland waterways and airlines receive more attention. But the interconnexions between different geographic regions need also to be carried forward on another plane. As the exchange economy, with its useful tools of money and banking, penetrates more and more into areas of traditional subsistence economy, better internal economic integration is achieved, opportunities are widened, markets are enlarged for both agricultural and manufactured goods.

In manufacturing, Japan is, of course, far ahead, although even there the combined share of manufacturing, mining, construction and power in total national output is only about one-third. China and India, too, had some industry in prewar days. Today, China (mainland and Taiwan) and India remain among the countries most actively developing their manufacturing industries, along with Hong Kong, southern Korea, Pakistan and the Philippines. Capital goods industries have developed in some countries, especially Japan, mainland China and India, and it

may be noted that the rate of growth of capital goods industries has in fact been more rapid (measured from a much lower base) than that of consumer goods industries. But the latter—particularly textiles and food processing (especially sugar refining)—continue to predominate in the region.

The question of public or private enterprise in industry is one which many countries of the region approach in a pragmatic spirit. The infrastructure is generally built and run by the government because no other source for the capital can be found. In manufacturing itself, governments quite frequently reserve certain industries for the public sector on political or social grounds. In a large number of instances, however, governments find themselves owning and operating manufacturing industries, either because government initiative was necessary in the beginning in the absence of private initiative, or because the industries were inherited from an earlier regime. (The absence of private initiative is not altogether surprising since, in prewar Asia apart from Japan, entrepreneurial functions, outside of agriculture and handicrafts, were performed mainly by foreigners). There is, in these cases, often a preference for turning the industries over to private enterprise as soon as that can be done; examples of such transfers are provided by Afghanistan, China: Taiwan, southern Korea, Pakistan and the Philippines. The joint venture (part public, part private) is another possibility which is now receiving increased attention in some countries of the region, including Burma, Ceylon, the Federation of Malaya, Indonesia and the Philippines. However, despite the rather general absence of preconceived ideas about *spheres* of activity, it is not equally clear that governments and private sectors in the region have learned to *co-operate* with full effectiveness to mutual advantage—governments by using incentives and controls in a consistent and understandable manner, private sectors by acknowledging socially determined goals and recognizing their obligation to help carry out national plans.

Another problem which is far from solved concerns the part that cottage and small-scale industries should play.¹ India, in particular, has stressed the role of such industries. Part of the difficulty in reaching agreed conclusions on this subject arises from uncertainty over relative values—in particular, how much weight to give to employment considerations as distinct from productivity considerations, where they diverge. Another part comes from uncertainty over

¹ See also the Report of the Fourth Session of the Working Party on Economic Development and Planning, which met in Bangkok in September 1958 to discuss a number of problems of industrialization in relation to economic development, including those connected with the choice of techniques and scale of production. (E/CN.11/L.61, pp.24-27 especially).

how much they do, in fact, diverge, in both the short and the long run. (In the short run, for example, the opportunity of owning and operating a small enterprise may call forth savings that would otherwise not exist, while in the long run large units facilitate accumulation of savings for successive reinvestment, and the technical advances which they tend to facilitate also breed successive further technical advances.) Finally, statistical data in this field are largely lacking, and definitions mostly nebulous. Perhaps it may be concluded that, outside the true handicraft field, the smallest units have little ability to survive independently (without subsidy) in a contest with large-scale business. On the other hand, many small-scale undertakings probably can, with help, improve their efficiency and compete successfully—for example, through co-operative organization, or through subcontracting arrangements such as have thus far mainly evolved in Japan.

* * *

In an assessment of the main problems on which this report, like its predecessors, sheds some light, due consideration must be given to population growth. Population density is already high in many of the countries of the region, and population growth is not constant but accelerating; explosive increases are foreseen in the period ahead. Unless, therefore, the development of population policy helps to bring birth rates down, the danger of diminishing returns to labour should be recognized as real throughout much of Asia. What is gained in aggregate output, with the help of national development plans, may be lost through the multiplication of the consumers.¹

Another major problem, and one found in virtually all the countries of the ECAFE region, is the shortage of skills of all kinds—foremen in industry, managers, technicians in practically every field. Here it is necessary to press ahead along the line already taken, with maximum emphasis on training at home and abroad and maximum utilization of the international assistance being offered to that end.

The problem of scarcity of capital is equally basic. In the short run, it tends to appear—sometimes perhaps too much so—as a scarcity of foreign exchange. At the present time, it is clear that the countries of the region, in adding their developmental effort to their other demands on resources, come out with a deficit in resources that cannot be eliminated. The trade deficit of these countries (excluding Japan

and mainland China) in the five years 1954-1958 inclusive was of the general order of \$6 billion. The service items (invisibles) probably widened the gap by perhaps another \$3 billion. In view of the small net movements of private foreign capital, something like half of the total gap was filled by foreign aid, and the other half was reflected in the depletion of foreign assets. To determine exactly to what extent this foreign aid was specifically an investment by other countries in the economic development of countries of Asia, and to what extent it was, rather, a purely compensatory or even a "salvaging" action, is probably not possible. More relevant in any case is a forward look. The repercussions of a withdrawal of this foreign support would be incalculably destructive of the gains already made. It is therefore to be hoped that the aid, bilateral or multilateral, will, in the spirit of international co-operation, rather be consolidated as aid in specific support of economic development, and will even be stepped up considerably.

But, on the domestic side, it is necessary to build up the nation's savings. This is extremely difficult for poor countries, but not impossible once incomes start to rise. Certainly an increase in domestic savings is essential. Moreover the repayment of the foreign capital that is supplied in other than grant form cannot later take place if domestic savings have failed to rise, without throwing domestic progress into reverse.

In one of its aspects this problem is one of balancing economic and social development. Industrialization has always brought with it a host of social problems, many of them centering around excessive urbanization—although in Asia the process of urbanization, fed by factors like insecurity and poverty in the countryside, has actually outstripped industrialization. To temper, and try to forestall, these problems is imperative. The historic evils of the industrial revolutions in the West and elsewhere should not be repeated. In rural areas, continuation of land reform movements—on which some further progress occurred in 1958 in some countries—is often essential if farmers are to have adequate incentives. Moreover, investments in health and education can be among the most productive investments that society can make. Thus, a narrow concern with maximizing savings at any cost, or with using existing savings for directly productive purposes, would evidently be shortsighted. On the other hand, to become so preoccupied with social services and amenities as to leave inadequate resources available for raising productivity would be equivalent to trying to eat the fruit before planting the tree. Equally, to destroy age-old culture would be to forfeit what is of the utmost value; yet

¹ See "Population trends and related problems of economic development in the ECAFE region", forthcoming from United Nations, *Economic Bulletin for Asia and the Far East*, Vol.X, No.1, June 1959.

to gratify fully the traditional propensity of the individual in many Asian societies to divert potential savings to ceremonial objects (let alone, the newer individual propensity to adopt advanced consumption patterns) would be to forfeit much of the possible expansion of private savings. A balancing—to some extent, a choice—of both means and ends is involved.¹

The scarcity of capital in Asia is paralleled by the abundance of labour in unskilled form. It is clear that Asia, capital-poor, cannot afford to waste the manpower in which it is rich. Perhaps the solution for the near future lies not as much in employing labour-intensive techniques, instead of capital-intensive techniques, in normal production, as in finding appropriate methods of tapping unused time, energy and enthusiasm for *additional* tasks, largely of a foundation-building kind. The community development

projects of India and many other countries are a liberal experiment along these lines. Mainland China has this year put forward the commune—a device for simultaneously utilizing a maximum part of spare time productively, combating excessive urbanization, bringing industry into the countryside and consolidating central control. The commune involves, however, a high degree of regimentation and a break with traditional values. Whether the eventual verdict will be for or against this approach remains to be seen.

The need for strenuous national efforts to solve these various problems, and also for international co-operation, both within and beyond the region, is generally well understood. This does not make the solution of these problems easy. In fact, in some respects progress seems slow and solutions not yet in sight. Encouragement must be sought in recent evidences of reawakening national energy, regional awareness and a growing sense of international responsibility for promoting economic development.

¹ The fifth session of the Working Party on Economic Development and Planning, scheduled to meet in Bangkok in September 1959, has social and economic development as its subject and will attempt to help clarify concepts of "balance" as between these two fields.

PART I. A PRELIMINARY VIEW OF ECAFE REGION IN 1958

Chapter 1 PRODUCTION

In the latter part of 1957 and throughout most of 1958, production suffered reverses in the private enterprise and mixed economies of the ECAFE region.¹ On the whole, although not of course in all countries, expansion of output in agriculture and industry came to a temporary halt; total agricultural output, in fact, in late 1957 and early 1958, declined, primarily as a result of unfavorable weather conditions. The falling off in agricultural output occurred primarily in Burma, India, Pakistan and Thailand. However, the year ended more cheerfully with what promised to be a bumper rice crop.

Industrial production in the region showed a levelling off, after mid-1957, from the rapid rate of increase apparent in earlier years. The slackening was due in large part to declines registered in Japan, and it would appear, more temporarily, in India. A number of the countries with smaller industrial output, on the other hand, registered further gains.

The difficulties resulting from the agricultural declines underscore rather strikingly the precarious position of a number of countries of the region in this crucial field of production, despite the high priorities generally accorded to agriculture in their development plans. A little twist of nature is still capable of upsetting the internal and external balances of many if not most economies in the region. These difficulties also emphasize again the contrast between the uninterrupted increase in the number of mouths to be fed and the slow and uneven progress of food production.

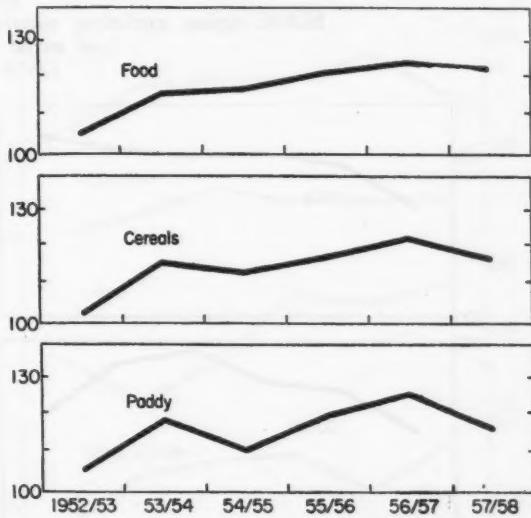
In contrast, in mainland China where the limitation in available data makes comparisons with the rest of the region extremely difficult, the official statistics portray an economy that gathered momentum in 1958. Thanks especially to a surge ahead in the later months, and with an all-out mobilization of labour power, the year there is claimed as the year of a "great leap forward"—one in which the gross value of agricultural and industrial production is officially stated to have increased by about 70 per cent, as compared with only 7 per cent in 1957.

¹ In this and the following two chapters, the main analysis is limited to the private enterprise and mixed economies of the region, and the term "ECAFE region", unless otherwise specified, is used in that sense. Separate note is, however, taken of mainland China's centrally planned economy at the end of each chapter. A statement regarding the data available from mainland China appears on p.15 of this chapter.

AGRICULTURAL PRODUCTION

In the ECAFE region, excluding mainland China (which is discussed separately below), owing largely to unfavourable weather conditions, the production of cereals available for consumption mainly in 1958 was only 124 million tons, 5.8 per cent less than the record total of the previous year (chart 1). On a *per capita* basis, it declined to the lowest level since 1952. The 1957/58 rice crop,² at 76 million tons (milled basis),

Chart 1
ECAFE region excluding mainland China and Iran:
Index number of production of food,
cereals, and paddy
(1934-38=100)



² The crop years used by ECAFE countries in their agricultural statistics vary according to their agricultural seasons. Except in the more northern countries of the region, where calendar years are generally used, crop years are indicated by split years, running most commonly from the middle of one year to the middle of the following one. FAO presents its statistical data for most crops with a calendar year notation; this involves attributing to a given calendar year entire crops even in cases where these crops are partly harvested in the early months of the following calendar year. (For example, in the case of paddy production, most countries of the region harvest part of their "1958" crop in the early months of 1959). In the present chapter, for wheat, barley, rubber, tea and copra, production is discussed in terms of calendar year 1958 or up to the latest month for which data are available. However, for those crops for which complete data are not yet available for the 1958/59 crop year (1958 according to FAO notation), i.e. paddy, millets and sorghums, maize, rootcrops, most oilseeds, jute, cotton and sugar, production has been described in terms of the 1957/58 crop year (1957 according to FAO notation).

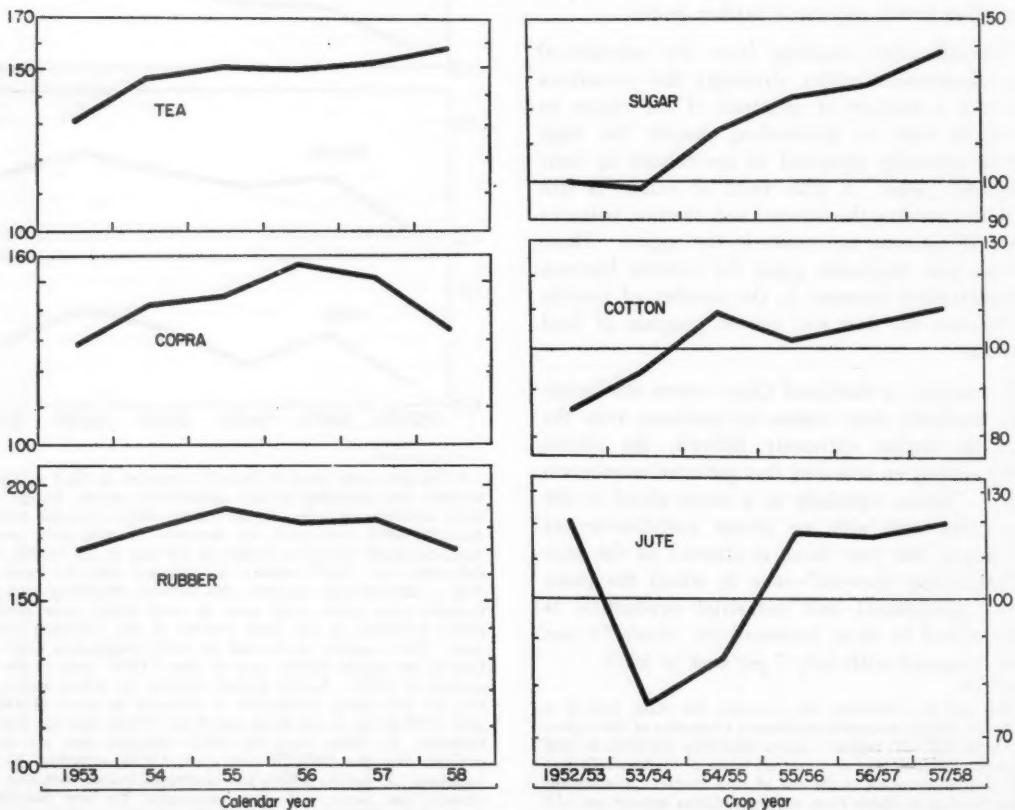
was 7.6 per cent short of the previous year's record crop. The combined output of wheat and barley in 1958 was 8.6 per cent smaller than in 1957. These decreases were only to a slight extent offset by the larger 1957/58 harvests of other cereals. Among non-cereal food crops, the production of root crops and pulses increased, while that of edible oilseeds declined slightly.

The 1957/58 rice harvests were adversely affected by the late arrival of the monsoon and insufficient rainfall in the main producing belt, which stretches from central and northeastern India to the Philippines islands. Serious declines in paddy production occurred in all the rice exporting countries except China: Taiwan and Iran, where some increases were achieved. Two major food deficit countries, India and Pakistan, and one lesser rice importer, the Philippines, also experienced declines in paddy output; on the other hand, most of the other food importing countries, such as Ceylon, the Federation of Malaya, Indonesia, Japan, and southern Korea, increased their paddy production as compared with the previous year.

Happily, the paddy crop harvested in late 1958 seems likely to show a considerable increase almost everywhere in the region; the regional total may even reach a new record.

Some of the principal export crops registered production increases (chart 2). Tea was up 3 per cent (in the first nine months of 1958), sugar 5 per cent (in the year ended August 1958), jute 4 per cent (in the year ending June 1958) and cotton 5 per cent (in the year ended July 1958). These increases took place in all the major producing countries except Indonesia for tea and India for sugar. On the other hand, rubber output was down 7 per cent (in the first nine months of 1958) and copra 11 per cent (for the first nine months of 1958, on top of a 2 per cent dip in 1957). The reduction in rubber production was caused primarily by disturbed conditions in the producing areas in Indonesia, and the drop in he copra by drought in the Philippines—the other major copra producer.

Chart 2
ECAFE region excluding mainland China: Indexes of Production
of major export crops
(1934-38=100)



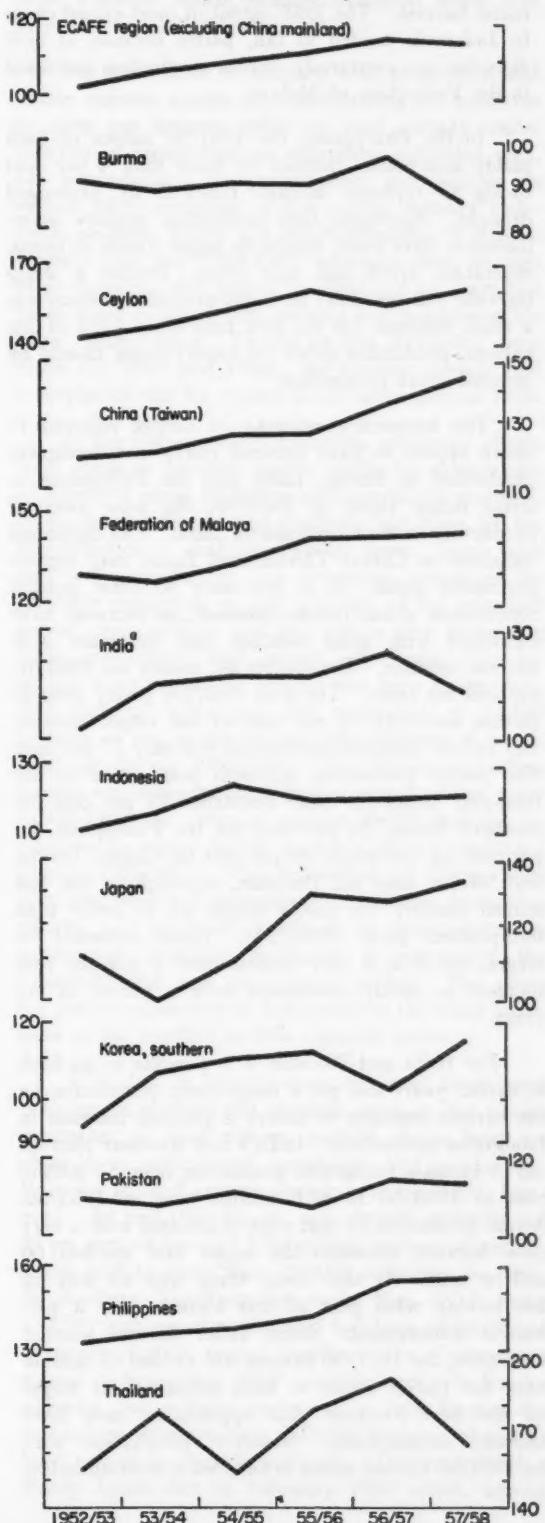
The aggregate effect of these diverse developments would be greater than the 2 per cent decline registered in the Food and Agriculture Organization's combined index of agricultural production for the ECAFE region (excluding mainland China) in 1957/58 as compared with the previous year.¹ This has been the first interruption in the slow upward progress recorded by the indexes available since 1948/49.

In terms of aggregate agricultural output (chart 3), the declines in 1957/58 were most serious in Burma (10 per cent) and Thailand (15 per cent), the largest rice exporting countries. The only rice exporter with an increase in aggregate production was China: Taiwan.

Among the food importing countries, agricultural output in 1957/58 declined in India² and in Pakistan. Paddy production declined in both countries; wheat, barley and sugar decreased in India but increased in Pakistan, while for other cereals this picture was reversed. The aggregate production of cereals in India was down nearly 10 per cent, reaching the lowest level in five years.

On the other hand, the rest of the food importing countries, especially Japan, southern Korea and Ceylon, seem to have fared better. The national index of gross agricultural production in Japan in the year ending March 1958 rose by 4 per cent over the previous year. This period saw a third consecutive good paddy crop, and food production was further helped by a rise in the output of livestock products, particularly milk. The year ended with yet another bumper paddy crop, which suggests that a higher level of normal production has been achieved, thanks to the extension of irrigation and drainage and to progress in production techniques. Southern Korea and Ceylon with favourable weather and, in the case of Ceylon, increased acreage, achieved substantial recoveries in paddy production from the low 1956/57 levels. The heavy rainfall in Ceylon towards the end of 1957 appears to have helped paddy yields generally in spite of the rather widespread damage to irrigation facilities. Production of Ceylon's two principal export crops, tea and rubber, continued to increase in 1958, largely owing to greater use of fertilizers and pest control and also, in the case of rubber, to the effects of earlier replanting. Slight increases in paddy production were registered for 1957/58 in the Federation of Malaya and Indonesia as well, but the increase

Chart 3
ECAFE countries: Agricultural production indexes
(1934-38=100)



¹ The FAO index for 1957/58 includes the food crops wheat and barley, and the export crops rubber and copra, produced in 1957, not in 1958.

² By 8.4 per cent as derived from national sources, which take into account 1958 production of wheat and barley.

in the latter country was offset by a decrease in the maize harvest. The 1958 output of most export crops in Indonesia tended to fall, partly because of civil disturbances; conversely, rubber production increased in the Federation of Malaya.

In the Philippines, the 1957/58 output of both paddy and maize dropped by more than 4 per cent owing to typhoon damage followed by prolonged drought. Aggregate food production appears nevertheless to have risen, thanks to larger yields of beans, vegetables, fruits and root crops. Despite a sharp increase (15 per cent) in sugar production, there was a small decrease for the first time since 1953 in the national production index for export crops, caused by reduced copra production.

The temporary setbacks in output referred to above appear to have reduced paddy and foodgrain production in Burma, India and the Philippines to levels below those of 1955/56, the base year of production in their agricultural plans. The continued increases in China: Taiwan and Japan may signify permanent gains. It is too early to draw general conclusions about trends, however, as increase have coincided with good weather and decreases with adverse weather. The targets set, mostly for 1960-61, are still far away. The poor 1957/58 paddy crop in Burma was only 79 per cent of the target amount, and Indian foodgrain production was only 77 per cent. The paddy production achieved was closer to the final-year target for other countries: 81 per cent for southern Korea, 84 per cent for the Philippines, 85 per cent for Indonesia, 89 per cent for China: Taiwan and 94 per cent for Pakistan, although in the last named country the paddy target set is lower than the postwar peak (1953/54). Japan exceeded its target, but it is a very modest one—a 4.5 per cent increase in paddy production over a period of six years.

For India and Pakistan it is possible to go back to earlier years and get a longer-term perspective on the current attempts to secure a planned increase in foodgrains production. India's first five-year plan set out to increase foodgrains production from 55 million tons in 1949/50 to 62.6 million tons in 1955/56. Actual production in that year, associated with a very good harvest, exceeded the target and reached 66 million tons. At that time, there was no way of determining what part of this increase was a permanent achievement. Since, under adverse weather conditions, the 1957/58 harvest still yielded 63 million tons, the Indian claim to have surpassed its target for the first five-year plan appears to have been basically substantiated. However, satisfaction with the 1955/56 harvest seems to have led to over-optimism

regarding further possibilities. If the normal output base for the second five-year plan had been calculated on the assumption of less than ideal weather, it would have been about 64 million tons rather than 66 million; the cumulative rate of growth in the previous six years (1950/51 to 1955/56) would have then been about 2.5 per cent per year—a rate which, if further maintained, would bring foodgrains production to around 73 million tons in 1960/61, whereas the target actually set is 81 million tons. It remains to be seen whether the higher rate of increase called for will be achieved in the next three years, as a permanent feature relatively independent of the vicissitudes of the weather.

Table 1. Selected ECAFE Countries: Production Actuals and Targets for Foodgrains, Cotton and Jute
(thousand tons)

Country	FAO crop years	Rice (paddy)	Other good-grains	Raw cotton	Raw jute
Burma	1955 A	5,873	78	18	...
	1957 A	5,828	82	17	...
	1960 T	7,400	...	19.6	50.8
China:	mainland ..	1952 A	68,426	58,775	620
		1957 A	81,770	88,765	1,409
		1958 E	375,000	3,350	...
		1962 T	250,000	2,400	...
Taiwan	1956 A	2,226	46	1.1	17.3
	1957 A	2,288	55	3.8	9.1
	1960 T	2,560	31 ^b	...	19.8
India	1951 A	51,996	557	849	...
	1956 A	69,848	842	778	...
	1957 A	63,018	845	742	...
	1960 T	81,284	1,410	1,000	...
Indonesia	1955 A	11,257	1,971 ^b	...	...
	1957 A	11,611	1,800 ^b	...	...
	1960 T	13,670	3,500 ^b	...	...
Japan	1954 A	11,392	4,418	...	...
	1957 A	14,528	3,871	...	...
	1962 T	14,245	4,194 ^c	...	...
Korea, southern	1956 A	2,506	1,093	17	...
	1957 A	3,086	960	9	...
	1962 T	3,800	^d	...	...
Pakistan	1955 A	10,982	4,400	309	1,015
	1957 A	12,935	4,692	296	1,125
	1959 T	13,930	5,420 ^e	490	1,160
Philippines ...	1955 A	3,273	907 ^b	...	...
	1957 A	3,203	856 ^b	...	...
	1960 T	3,824	1,076 ^b	^f	...

Source: Actual Production figures from FAO, except India and Philippines foodgrains. These and target figures from national sources.

A=actual production. T=targets. E=estimates.

^a Other foodgrains relate to wheat, barley, maize, millet and sorghum, oats and rye.

^b Maize.

^c Wheat, barley, naked barley.

^d In capacity terms, the weight equivalent of which varies according to kind of foodgrains, the output is projected to exceed the 1957 figure by 12 per cent.

^e Wheat, maize, other foodgrains.

^f Estimated at about 70 tons.

An adequate solution of the foodgrain problem is of cardinal importance if the Indian economy is to maintain internal stability and external balance. Low output in even one year (1957/58) has created difficulties (reviewed in Chapter 3) and re-emphasized the importance of agricultural development not only for its own sake but also as essential for industrial and other economic progress. Official awareness of the urgent need to step up food production resulted in the devotion of considerable attention during the year to shortcomings in the implementation of agricultural development plans. Criticism was voiced regarding insufficient utilization of existing irrigation facilities and the delay in setting up seed farms, and it was announced that higher priority was to be given to the extension of minor irrigation schemes with a view to broadening the effect and obtaining quick benefits with a relatively small outlay. Efforts were also to be made to utilize more fully the available irrigation water and to hasten the adoption of improved techniques, particularly in areas with irrigation and assured rainfall. Towards the end of the year, the Government launched an intensive food production drive for the cultivation of winter crops and took measures to accelerate agricultural extension work.

Pakistan's revised first five-year plan was released in May 1958, covering the years 1955/56 to 1959/60, but planned effort to expand agricultural production dated from 1948/49. Instead of taking a single year's output, Pakistan has taken as its base the average (13.1 million tons) of foodgrain production in the seven years from 1948/49 to 1954/55. The target for 1959/60, with some benefit of hindsight, has been placed at 14.3 million tons, a modest over-all increase of 9 per cent. The 1957/58 production of foodgrains at 13.4 million tons was already 2.3 per cent above the average of the seven years. So far, increases in foodgrain production have been primarily the result of expansion of the area under cultivation; no definite trend has been established for yields per hectare. Pakistan, too, has been subject to food shortages and has found it necessary to make special arrangements to obtain supplies from external sources from time to time, while avoiding, as far as possible, a serious drain on foreign exchange. Again as in India, the utmost emphasis is laid on measures likely to yield quick returns, such as the establishment of seed farms, increased use of fertilizers and measures for pest and disease control. The village aid programme is designed to provide for the training of village workers to cover about one-fourth of all the villages in the country. In September 1958, the Government ordered the immediate cultivation of all cultivable land in both wings of the country and the distribution of land in

West Pakistan which, though irrigation water was available, was left uncultivated.

The same drive to increase food production and obtain quicker results by concentrating on measures to raise per hectare yields on land already under cultivation, rather than on expanding cultivated area, has characterized the programmes and policies in several other countries of the region, notably Indonesia, southern Korea and the Philippines. Southern Korea's plan for 1958-1962 envisages that through these measures rice output in 1962 can be increased by as much as 32 per cent, making rice export possible on a regular basis. Thanks to two successive good crops (in 1957 and 1958), the country already had a surplus of rice for export in the latter part of 1958.

In the rice exporting countries, continued efforts were made to increase paddy yields by greater use of improved seeds, fertilizers and insecticides and also, in the case of Burma and southern Viet-Nam, by the rehabilitation of abandoned paddy lands. Steps were also being taken by the countries concerned to facilitate replanting or new planting of the principal export crops, rubber and tea, with a view to raising both productivity and output. In Ceylon, for instance, a tea replanting scheme has been announced; this aims at subsidizing the replanting of 12,100 hectares of tea on estates and rehabilitation of smallholdings during 1960-1965. The rubber replanting scheme was extended for a further period of five years (1958-1962) in order to replant 45,000 hectares in addition to about 36,000 hectares already replanted during 1953-1957. The Federation of Malaya has also continued and strengthened its rubber replanting efforts, and southern Viet-Nam is implementing a scheme of financial assistance to encourage the replanting and new planting of rubber. The plans for rubber replanting in Indonesia, on the other hand, have so far resulted in little concrete action.

It is felt in several countries that inadequate progress in institutional changes, such as the implementation of land reform policies, have been an obstacle to agricultural investment and production. Progress in land reform continues to be made, however. By mid-1958 Burma had already redistributed 43 per cent of the total 1.36 million hectares of nationalized land to more than 190,000 cultivator families. In southern Viet-Nam, by early May 1958, some 139,000 hectares of paddy land had been redistributed to nearly 62,000 tenant families. The Government signed in September 1958 a convention with France whereby that country undertook to help finance the repurchase of more than 200,000 hectares of paddy land owned by French nationals. Ceylon enacted a Paddy Lands Act in February 1958 which, among

other things, gives inheritable rights to tenant cultivators of paddy lands, protects them from excessive rents and from usurious rates of interest on loans, and obliges them to maintain a reasonable standard of efficiency in production. The country has also introduced a pilot paddy insurance scheme with effect from mid-October 1958 in selected areas.

On 11 January 1959, India's ruling party, the Indian National Congress, after serious consideration adopted a resolution on the "agrarian organizational pattern". This resolution stressed the importance of developing co-operatives and joint farming and recommended, as a first step to this end, that service co-operatives (presumably for seed and fertilizer distribution etc.) should be organized in half a million villages within three years. After this period, or even during it where possible, land is to be pooled for joint cultivation; but farmers will continue to retain property rights and will share the produce in proportion to the size of their holdings. Co-operative members who own no land are to receive a share in proportion to the amount of work done by them. The resolution also recommended that legislation be passed, before the end of 1959, fixing ceilings on landholdings. The excess above the ceilings is not to be distributed, as had been previously urged, to individual landless peasants. Instead, the land is to be managed by co-operatives of landless labourers while ownership will be vested in the *panchayats* (village councils).

This general concern to expand production contrasts with the situation in Japan, where attention in 1958 was focused on the falling prices of milk and silk. The production of these commodities exceeded demand because milk consumption failed to increase as rapidly as had been expected and the market for silk dwindled, largely owing to the recession in the United States. Some relief measures, mainly affecting medium and small scale dairy industry, were taken in May 1958, and a comprehensive policy for the entire dairy industry was announced in October. In mid-1958 and early 1959 the Government took measures to relieve the pressure of excess supplies of silk on the market, and reduced the support prices of silk and cocoons as a disincentive to production. Pakistan has also continued its measures to cut back jute production, through the wartime practice of licensing jute acreage, in order to maintain prices. However, for several years, plantings have exceeded the licensed area by 1 to 15 per cent.

INDUSTRIAL PRODUCTION

Industry fared somewhat better than agriculture in this period. There was, however, in the second half of 1957, a levelling off from the rapid rate of

increase ever since the Second World War. The course of production in 1958 was erratic—increases in the first and the third quarters, a decrease in the second. At the same time, it should be noted that the interruption (speaking of regional totals) in the previous continuous growth was almost entirely due to the situation in Japan and India, which together account for the bulk of the industrial output of the private enterprise and mixed economies of the region.

Industrial production in Japan reached an all-time peak in May 1957. The tightening of credit at that point, to remedy the serious imbalance in the country's external account, succeeded in correcting it, but at the cost of turning the boom into a protracted process of readjustment which might be described as a "creeping recession". Production fell by about 6 per cent between May and August 1957, and remained around the August 1957 level, minor zigzags aside, for the next twelve months. This adjustment to a reduced volume of imports drew attention to the major imbalance existing between production capacity and market demand in several industries. It became apparent that industrial capacity had been built up during the previous boom to cover not only the normal increase in demand but also the demand for larger inventories. The following table shows the percentage changes in production, capacity, rates of operation and investment in several Japanese industries which occurred between June 1957 and June 1958.

	Production	Capacity	Rate of Operation	Investment
Ceramics	— 18	17	— 29	— 49
Machinery	— 16	14	— 26	— 23
Textiles	— 21	4	— 24	— 52
Paper pulp	— 3	14	— 15	— 68
Rubber	— 11	—	— 11	— 31
Non-ferrous metals ..	— 5	20	— 21	— 27
Chemicals	— 9	6	— 14	— 28

However, towards the end of the year, the Japanese "saucer" recession seemed to be nearing its rising incline. (This subject is discussed at some length in Chapter 3.)

Quarterly or semi-annual trends in Indian industrial production cannot be gauged from monthly general indexes, which are not adjusted to take into account seasonal factors important in the output of industries associated with agriculture, such as rice milling and sugar. It appears, however, that industrial output in India also levelled off in the second half of 1957, rose in the first quarter of 1958, declined in the second quarter and rose again in the third quarter of the year. The levelling off in the latter half of 1957 reduced the increase in the annual index for the year to only 3.5 per cent as compared with more than 8 per cent for each of the two previous

years. But whereas the Japanese recession resembles patterns familiar in the industrial countries of western Europe and North America, the Indian setback appears to be directly and indirectly related to the fall in agricultural output. This is brought out by an examination of the individual industry indexes; the faltering in the index was predominantly the result of a reduction in the output of the textile industry, which accounts for about 48 per cent weightage.

The internal demand for Indian cotton textiles is primarily affected by the harvest. This determines the autumn offtake of textiles which acts as a harbinger for the next year's production. The decline in agricultural purchasing power towards the close of 1957 was the initial force in the halting of Indian textile production in 1957. The decline in exports, when it did come in early 1958, only aggravated the situation caused by the decline in autumn offtake and the consequent accumulation of inventories. Production was curtailed and in the first nine months of 1958, India's cotton yarn and fabrics production fell by 7 and 9 per cent respectively as compared with the corresponding period of 1957.

The jute industry also had to cope with long-term problems created by bulk handling which reduces the need for bags, and by competition from substitutes. The situation was worsened by the 1957/58 recession in the United States, India's biggest market for burlap. Up to the middle of 1958, other industries continued their upward trend, though at a somewhat slower rate.

Expansion in industrial production was achieved during the year in a number of newly industrializing countries such as China: Taiwan, southern Korea, Pakistan and the Philippines, mainly owing to gains in sugar and textile output and to the coming into production of new units. The increases registered were relatively modest, indicating a slowing down in the rate of growth. For instance, the rate of annual increase in Pakistan slowed down to 5 per cent in 1957; this was little more than one-third of the increase in 1956 (13 per cent) and one-fifth of the rate in 1955 (26 per cent). When a start has been made from scratch, some deceleration in the rate of expansion is perhaps inevitable as the volume of production expands. Pakistan's slowing down, however, is mostly explained by an under-utilization of capacity, arising from difficulties in the supply of imported raw materials and spare parts.

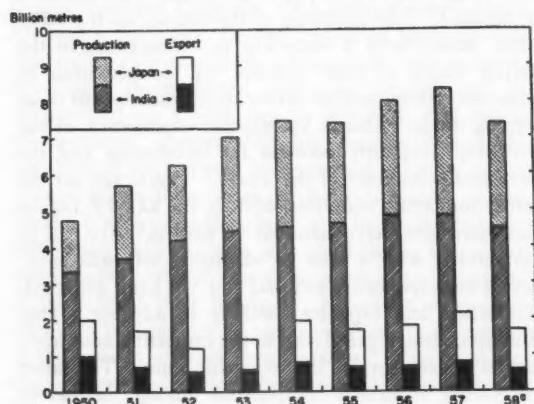
In the region as a whole excluding mainland China, the industry which suffered most from a decline in output was textiles. ECAFE countries have invested a considerable proportion of the resources available for industrialization in the development of this in-

dustry, not only to meet domestic needs but also to provide a surplus for exports. The industry, however, is confronted with serious long-term problems. World consumption (and production) of textiles has lagged behind that of other industrial products. This, like the lagging behind of primary food items such as cereals, appears to be the result of a relatively low income elasticity of demand for them. Most of the industrial world is devoting increasing attention to producing items which promise a faster rate of growth in demand. The countries of the region, on the other hand, have found it necessary to concentrate, in the earlier stages of their growth, on the provision of basic necessities, and to devote their resources to these lagging items. This is yet another explanation of the widening inequality between the developing and the advanced economies of the world. Practically all the textile importing countries, both in the ECAFE region and elsewhere, have invested in this industry, as in agriculture, with a view to obtaining self-sufficiency, and, where self-sufficiency has not yet been achieved, production and capacity continue to advance. This situation, though gratifying to the importing countries, creates a problem for the exporting ones. The latter are facing increased competition among themselves together with a decline in demand and the erection of tariff walls or import restrictions put up by the potential customers to protect their developing home industries. World trade in textiles, on the whole, has tended to decline despite the growth, albeit slow, in consumption.

The ECAFE region includes two major world exporters of textiles of long standing, India and Japan, both of which have been attempting to make the best of the long-term adverse situation confronting them. In spite of the gloomy prospects, several other of the former textile importing countries, China: mainland and Taiwan and Pakistan, have begun to enter the export market. Hong Kong also produces for export more textiles than the imports it retains. During 1957/58, therefore, competition for textile exports was intensified, against a background of domestic recessions and an aggregate decline in the market for exports. The net result has been a sharp decline in the export, and production, of apparel textiles. The hardest hit has been the rayon staple fibre and yarn industry of Japan, which had greatly expanded its productive capacity during the previous boom. Its operation was curtailed by 30 to 50 per cent. Production of cotton yarn and fabrics also declined in Japan and India, but cotton textile production in other countries of the region continued to expand, though there was some levelling off in the first half of 1958; imports, as could be expected, declined sharply. Textile imports into China: Taiwan and Pakistan were negligible, indicat-

ing that at the current reduced levels of demand these countries have already attained self-sufficiency. Unless further expansion in textile production is geared to a growth in domestic demand, which has by no means reached absolute limits, competition for the dwindling export markets may become a free-for-all.

Chart 4
India and Japan:
Production and export of cotton fabrics



* Annual rates based on January to September returns for India and January to October returns for Japan.

Japan's capital goods industries were seriously affected by the domestic recession and by the foreign exchange difficulties of importing countries. However, the machinery industry of Japan, which made an upward spurt of about 40 per cent during the investment boom of 1957, maintained in 1958 the high level reached at the end of 1957, even though new orders for machinery declined sharply. Steel production fell (10 per cent) in the first half of 1958 as compared with peak production in the first half of 1957.

This sharp expansion of capacity in response to increased demand in Japan's durable goods industries, followed by the emergence of heavy excess capacity when demand slackened, is strikingly similar to the postwar experience of the United States. However, in another respect the Japanese economy is more akin to that of the United Kingdom. Both countries, unlike the United States, are heavily dependent on foreign trade. Their postwar history shows that, for their economies, it is more often changes in external balance that act as starters of a chain process of expansion or recession, rather than changes in domestic demand.

The steel and machinery industry of India, on the other hand, continued to grow. This was to be expected since, like the textile industry in textile-importing countries, it was assured of a domestic

market. It has also made a modest beginning as an exporter of engineering products. However, the projected steel plants have not yet gone into production, and Indian steel production as such has therefore remained more or less stationary. The significant increase in the production of heavy and light industrial machinery and machine tools was achieved with imported steel. Other countries, China: Taiwan, southern Korea and Pakistan, also registered modest increases in the products of the engineering industry, mainly for use on the farms and in light industries.

Japan's recession adversely affected its production of cement, fertilizers, coal and electric power. Elsewhere production of these items generally continued to rise. For cement, as for textiles, most of the countries are trying to produce as much of their domestic requirements as possible. The aggregate output of cement by the countries of the region, excluding Japan and mainland China, rose by 14 per cent in 1957 and a further 14 per cent in the first half of 1958 as compared with the previous six months, mainly owing to production gains in Ceylon, China: Taiwan, Hong Kong, India, southern Korea and Thailand. A decline in Burma was due to temporary local factors. Power production also increased in all countries except Japan; but Japanese output accounts for more than 80 per cent of aggregate power production in the region, excluding mainland China.

Mineral production varied. There were declines in the production of tin, manganese, tungsten and plumbago for which the United States is an important market. Tin also faced competition from sales by the Soviet Union. Production of iron ore declined in the Federation of Malaya and the Philippines owing to a reduction in Japanese imports. Indian production showed a small increase in the first half of 1958 after declining in the previous half year period. Other minerals such as coal and petroleum registered increases.

While agricultural achievements have fallen somewhat short of the targets, industrial development in the postwar period appears, on the whole, to have been fairly consistent with expectations. This may be, to a considerable extent, a matter of organization. Agriculture is scattered among millions of peasant farms, whose co-ordination poses very difficult problems. Industrial programmes, on the other hand, have often been started from scratch, and are more amenable to control by the planning authorities.

However, it is rather easy to overemphasize the progress made by industry. The available indexes of industrial production have, it is true, shown a much steeper upward trend since the early 'fifties than have

the indexes of agricultural production, both in Japan and in the developing economies of the ECAFE area. In the developing economies, however, this is partly because the original industrial base was so small, and industrial production represented such a small fraction of aggregate output. Also, the indexes do not reflect trends in *total* industrial output correctly, since they only represent the output of units which satisfy the criteria (number of workers employed, size of capital, use of power, etc.) adopted for their compilation. As a result, their coverage falls a good way short of aggregate industrial output; for example, the indexes for India account for only 40-45 per cent of the industrial production or a meagre 6-8 per cent of national production as a whole. Moreover, as industrialization proceeds, smaller units which previously fell outside the scope of these indexes may grow in size or be linked to the power grid so that the whole of their output is included in the later indexes; the gain is thus statistical rather than real. Taking again the example of India, the total output of industry at constant prices increased by only 15 per cent between 1951 and 1955, whereas the industrial indexes (which as noted include only the larger and more advanced establishments) indicate an increase of 22 per cent. The indexes, in other words, represent trends in the output of factories, mines and powerhouses more accurately than aggregate industrial output.

Data on the industrial targets of the countries of the region are not readily available in a form which would enable an accurate comparison to be made between what was achieved and what was planned. (Even where the targets are available, the coverage of the term 'industry' varies.) Most countries have expressed general satisfaction at their postwar progress when completing their first plans or announcing their new plans.

Factory and mining production in Japan made a rapid post-war recovery. It reached the prewar level by 1952 and doubled it by 1957. The 1962/63 target has been projected at about 60 per cent higher than 1956/57; the early months of 1958, however, witnessed a small decline from the peak of 1957. Once Japan pulls out of the recession and is able to promote its exports as in the past, its sizeable currently idle capacity should put the target within easy reach. More rapid rates of increase have been set by China: Taiwan (110 per cent in four years), Pakistan (73 per cent in five years), and the Philippines (69 per cent for manufacturing and 94 per cent for mining in five years). Despite the magnitudes of the targets set, they appear to be within reach, as by 1957/58 these countries had already attained 60-75 per cent of the output projected. As new plants go into operation, further spurts are to be expected.

In India the index of industrial production rose by about 41 per cent in the period covered by its first plan; for the second stretch, a further rise of 49 per cent has been projected. The monthly indexes for 1958 indicate that in the first two years of the current plan only a quarter of the ground has been covered, mainly because of the lag in textiles. The targets in this field, like most Japanese targets as well, are, to some extent, dependent on the development of exports. However, there may be a lift in the index, since considerable investments have been made in other industries in plants which have not yet gone into production. The progress in the expansion and construction of Indian steel mills, for instance, is on schedule, and the target for steel is expected to be reached. Some shortfall was feared in the producer goods sector in India, mainly owing to the foreign exchange difficulties experienced about the middle of 1958; even though foreign exchange later became available, these difficulties may have delayed the implementation of the plan. In fact, the slackening in the growth of several of the heavy chemicals and engineering industries in 1957/58 has already been attributed to the balance of payments.

MAINLAND CHINA

Information available to the United Nations on economic trends in mainland China — particularly, quantitative information — is subject to important qualifications as to comparability and verifiability which have been referred to in earlier editions of the *Survey*.¹

AGRICULTURAL PRODUCTION

In mainland China, official estimates for 1958 showed a doubling of food crop production over 1957 and very substantial increases in various industrial

¹ See e.g., United Nations, *Economic Survey of Asia and the Far East, 1957*, chapter 4, especially p.86, where the problems posed by data from mainland China are explained in some detail. To summarize some of the main points: (1) There are no direct means, and only limited other means, of verifying the information given in official releases, which thus constitute almost the only available source. (2) The official releases tend to mention favourable developments and omit unfavourable ones, or report them only later. (3) The way base years are selected, and also frequently changed, and the considerable use made of percentage rather than absolute figures, make interpretation of the released data difficult. (4) The concepts used in social accounting and some other fields of measurement differ considerably from those generally used by other Asian countries, so that international comparability of the data is affected. For example, it would appear that, measured by the methods in use in mainland China, the share of industrial production in total production, the rate of capital formation and the rate of growth of total production all tend to be larger than they would be if measured by more conventional methods. (5) Despite additions of new data in recent years, significant gaps in data remain—notably, commodity breakdowns for trade (except in 1950); continuous series for money supply, cost of living and wages; absolute figures for national income and capital formation, for years other than 1952-1956.

This note of caution requires special emphasis this year because of the extraordinarily large size of the production gains officially reported from mainland China for 1958.

crops (which occupy about 20 per cent of the total sown area) (see table 2). The gross value of agricultural and subsidiary rural production is reported to have risen by 75 per cent.¹

Table 2. Mainland China: Estimates of Food and Agricultural Production, 1957-1958
(million tons)

	1957	1958	% increase over 1957
Food crops	185 (2)	375 (2)	103
Paddy	86.7	150 (2)	73 (2)
Wheat	23.64 (1)	39.5 (2)	67
Coarse grains . .	52.86 ^a	90.9 ^a	72
Maize . . . .	...	...	110 (2)
Millet . . . .	...	...	75 (2)
Sweet potato . .	21.80 ^b	94.60 ^c	334 (2)
Industrial crops			
Soya bean . . .	10.05 (1)	12.00 (3)	19
Cotton	1.64 (1)	3.35 (2)	104
Jute & mesta . .	0.301(1)	0.391(1)	30
Hemp	0.056(1)	0.095(1)	70
Tobacco	0.256(1)	1.000(1)	290
Sugar			
Cane	10.39 (1)	20.78 (1)	100
Beet	1.50 (1)	6.45 (1)	330
Groundnut	2.57 (1)	5.00 (3)	95
Rapeseed	0.89 (1)	1.38 (3)	55
Sesame	0.312(1)	0.55 (3)	76
Tea	0.112(1)	0.167(1)	40

Note: Figures in italics are arithmetically derived from official figures in other columns.

Sources are as follows:

- (1) *Ta Kung Pao* (Hong Kong), 14 November 1958.
- (2) New China News Agency, Press Release (Peking), 1 January 1959.
- (3) *Ibid*, 7 January 1959.

* Residual: official figures for total food crops minus official and derived figures for paddy, wheat and sweet potatoes.

^b 1956 estimate. Sweet potatoes are classed in mainland China with food crops and the volume of production is calculated on a common basis with cereals at the ratio of 4 shih chin of fresh potatoes to one shih chin ($\frac{1}{4}$ kg) of cereals. (As explained in *Ta Kung Pao*, Peking, 27 April 1958).

^c Derived from officially estimated rate of increase in 1958 over 1957, on the assumption that the 1957 sweet potato crop (for which information is lacking) was of the same size as the known 1956 crop, as was roughly true of food crops as a whole.

¹ New China News Agency (hereafter referred to as NCNA), Peking, 1 January 1959. Since prices for food and industrial crops appear to have been stable, it is implied that other components of the total failed to increase as much as crop production. Towards the end of the year, official note was taken of a decline in the production of subsidiary foodstuffs (such as poultry, hogs and vegetables) by the peasants on their individual farm plots which in a number of cases had been taken over by the communes. ("Step up production and supply of subsidiary foodstuffs", *People's Daily*, editorial, 28 December 1958).

The spectacular rise in food crop production was attributed in official reports mainly to increases in yield per hectare.² The average cereal (excluding sweet potato) production per hectare was reported to be 2.625 tons, almost double the 1957 average. The yields of paddy per hectare for the first two crops (early and semi-late paddy) were reported as 5.0 tons and 3.6 tons respectively, and if the third (late) crop showed a similar increase, the average would be over 4 tons per hectare. This would be well above the Korean and Taiwan levels, and would compare with the Japanese average yield of 4.4 to 4.8 tons per hectare.³ A figure of 94.6 million tons of sweet potato production (converted into cereals at the ratio of 4:1) from 14.7 million hectares would imply an average yield of 6.4 tons, as compared with 1.9 tons in 1955. (Figures for 1955 for the highest yield countries in the world for sweet potatoes, if converted into cereals on the same basis, were 4.8 tons for Japan and 3 tons for Spain.)

Increases in per hectare yield of industrial crops in 1958 were reported in October 1958 as follows: cotton 139 per cent, rapeseed 41 per cent, soya beans 60 per cent, groundnut 133 per cent, and sesame 130 per cent.⁴ An average yield of 563 kg of ginned cotton per hectare was stated to have been achieved.⁵

One of the factors contributing to increased agricultural production appeared to be the drive to extend irrigation. In October 1957, a country-wide irrigation campaign was initiated. The number of people mobilized in this task reportedly reached 100 million in January 1958 and the rate of extension of irrigated area was stated to be over 67,000 hectares per day. The principle established was to "rely mainly on the masses for building small works (small reservoirs, gully embankments, ponds, water detention ditches etc.) to store up water". Most of the irrigation projects were designed and constructed by the peasants themselves who pooled their manpower and resources. Between October 1957 and September 1958, the irrigated area was reported to have been expanded by 32 million hectares, bringing the irrigated acreage up to 66 million hectares, or 59.5 per cent of its total cultivated acreage, as compared with 31 per cent in September 1957.⁶

² This is despite the fact that 25.3 million hectares of farm land were reported to be seriously menaced by dry weather over a long period, and 6 million hectares to be affected by drought. (NCNA, Peking, 31 December 1958).

³ FAO, *Monthly Bulletin of Agricultural Economics and Statistics*, December 1958, p.6.

⁴ *Peking Review*, 28 October 1958, p.11. These figures can be reconciled with those in the table only on the assumption of substantial changes (in most cases, substantial decreases) in sown area.

⁵ NCNA, Peking, 4 January 1959.

⁶ NCNA, Peking, 1 and 22 February and 14 October 1958; *People's Daily*, 23 June 1958.

When the storage projects were completed, not all of the "irrigated area" received water. In June 1958 the Vice Minister on Water Conservancy reported that about 50-60 per cent of the completed projects were functioning. A considerable number were expected to come into use after the flood season; others were hampered by insufficiency of water available for storage, shortage of devices for lifting water or delay in levelling up the land.¹

A second key factor was the organization of a vast amount of manpower to collect barnyard manure, night soil, pond mud, and other organic matter and apply it to farm lands. In 1958, the quantity per hectare so collected and applied was reported to have averaged 150 tons, as against 15 tons in 1957.² Moreover the target for chemical fertilizer production was raised from 1.1 million tons in February (906,000 tons nitrogenous and 196,000 tons phosphate) to 1.35 million tons in May,³ and 1958 production was later estimated to have totalled 1.28 million tons,⁴ as against 800,000 tons in 1957.

A third factor emphasized in reports was the extension of deep ploughing throughout the country. In the spring of 1958, less than 10 per cent of the cultivated land was reported to have been deep ploughed,⁵ but by mid-December the proportion was reported to have been increased to 45 per cent, in response to the directive of the Central Committee of Chinese Communist Party issued in August. Half of this acreage was ploughed to a depth of between 1.1 and 2 feet, one-third to one foot and one-tenth to 2.3 feet.⁶ However, the *People's Daily* in an editorial on 20 January 1959 proposed to limit the depth of deep ploughing to one foot and accepting generally a depth of 7 to 8 inches.

A fourth factor was seed improvement. In the 1958 spring planting, good strains of seed were reported to have been used on 110 million hectares, or 69 per cent of the sown area.⁷

Prevention of pests and plant diseases and close-planting were also credited with helping to boost the yield per hectare.

These improvements in technique and scale of operations raised manpower requirements in the rural areas, and therefore gave an impetus to the improve-

ment of farm tools so that manpower could be more effectively utilized. According to a report by the Ministry of Agriculture in September, 154 million improved farm tools and implements were in use in July and August, three times the total found six months earlier, and by September the number had risen to 222 million.⁸

An agricultural conference convened in Peking on the first of January 1959 proposed to (i) increase foodgrain production in 1959 from 375 to 525 million tons, and ginned cotton from 3.35 to 5 million tons, (ii) have oil bearing crops yield twice as much edible oil as in 1958, or at least six million tons, (iii) raise production of jute and hemp to one million tons and (iv) double the value of output of forestry, animal husbandry, fishery and subsidiary occupations.⁹

INDUSTRIAL PRODUCTION

The gross value of industrial production in 1957 reportedly rose by 6.7 per cent, and the 1958 draft Plan, released in February, envisaged a rise of 13.8 per cent in 1958.¹⁰ It has been officially reported, however, that the actual increase achieved in 1958 was "more than 60 per cent"¹¹ or "about 65 per cent".¹² (The gain reported for the gross value of agricultural and industrial production combined was 70 per cent).¹²

Among the producer goods, the most spectacular increases reported at the end of the year were in coal and steel production, said to be doubled (to 270 million and 11 million tons respectively) and machine tools, tripled (to 90,000 units). Other rates of increase reported were: power 45 per cent (to 27.5 billion kWh), crude petroleum 55 per cent, cement 50 per cent, timber 18 per cent and chemical fertilizers 60 per cent. Among consumer goods, the highest reported increase, 43 per cent, was registered for cotton yarn (to 6.66 million bales of 400 lb. each); the fact that cotton cloth production rose only 27 per cent (to 6,400 million metres) was partly explained by the export of cotton yarn and its use for knitting and other purposes. Sugar and paper production reportedly rose by over one-third, salt production by about one-fourth and edible vegetable oil by about one-sixth.¹³

¹ *People's Daily*, 23 June 1958.

² *Peking Review*, 28 October 1958, pp.10-11; "CCP Central Committee issues Directive on Fertilizers" (dated 29 August 1958), in NCNA, Peking, 10 September 1958.

³ *Peking Review*, 3 June 1958.

⁴ NCNA, Peking, 31 December 1958.

⁵ *Peking Review*, 28 October 1958, p.12.

⁶ NCNA, Peking, 15 December 1958.

⁷ *Peking Review*, 28 October 1958, p.11.

⁸ NCNA, Peking, 10 September 1958.

⁹ NCNA, Peking, 1 January 1959.

¹⁰ As before, the proposed rate of increase in 1958 production was greater for means of production (18.8 per cent) than for consumer goods (9.7 per cent).

¹¹ NCNA, Peking, 31 December 1958

¹² *Ibid.*, 2 January 1959.

¹³ NCNA, Peking, 21, 24, 25, 28, 29 and 31 December 1958 and 2 January 1959.

The rise in the production of consumer goods was attributed mainly to the bumper harvest in industrial crops. For example, raw cotton production, after rising by 13 per cent in 1957, was reported to have more than doubled in 1958, as previously noted.

The rise in industrial production seems to have gathered momentum towards the end of the year. This was particularly true of the coal and steel industries where the policy of "simultaneous development of national and local industries, large enterprises and medium and small enterprises, modern and traditional methods of production" and "combining centralized leadership with a full scale mass movement in industry" was carried out through the participation of a reported total of 60 million people in iron and steel production¹ and 20 million in coal mining. The steel output index, with the January-August monthly average as 100, was reported to have risen to 178 in September and 440 in November,²—no doubt to a considerable extent reflecting this newly added mass participation, although more than 80 per cent of the year's total output was recorded as produced in big mills.³ Coal production was also considerably speeded up after August; within two months the average daily output of small coal mines is reported to have risen from 180,000 tons to over 1.6 million tons, or 2.7 times the estimated average daily output of large state mines.⁴ (500,000 tons). The small coal mines are reported to have increased from 20,000 in September to 100,000 at the end of November.⁵ Three-fourths of the output for the year, however, was given as produced by large modern mines.⁶

For 1959, still higher targets of production, though at a lower rate of increase than in 1958, are planned for major commodities, e.g. 18 million tons of steel, 380 million tons of coal, 11 million bales of cotton yarn, 9,600 million metres of cotton cloth,⁷ 15 million tons of salt and 4.2 million tons of edible vegetable oil.⁸ The Chairman of the State Economic Commission stated that in 1959 the country "will

¹ NCNA, Peking, 17 November 1958. According to Po I-Po (Chairman, State Economic Commission), in a NCNA despatch from Peking dated 30 September 1958, "The iron and steel production front has been unprecedentedly expanded to more than 50 million people. Taking account of those who directly or indirectly support iron and steel production, this front has been further expanded to approximately 100 million men."

² NCNA, Peking, 21 December 1958.

³ *Ibid.*

⁴ *Ibid.*, 7 November 1958.

⁵ *Ibid.*, 30 November 1958.

⁶ NCNA, Peking, 4 January 1959.

⁷ "Communiqué of the Sixth Plenary Session of the Central Committee of the Chinese Communist Party", NCNA, Peking, 17 December 1958; "Cloth ration increase for 1959", NCNA, Peking, 29 December 1958.

⁸ NCNA, Nanchang, 28 December 1958 and Peking, 25 December 1958.

approach, catch up with or surpass Britain in the output of steel, iron, copper, aluminium, machine tools and power generating equipment". The output of coal and cotton textiles, it was stated, "already outstripped that of Britain in 1958".⁹

PEOPLE'S COMMUNES

The outstanding institutional change introduced during the year was undoubtedly the establishment of the people's communes. These were set up in various places on an experimental basis in July. The movement had gathered momentum by August and swept the country in September after the adoption of a Party resolution on 29 August. By end-September, over 112 million farm households were reported to have joined; by mid-December 740,000 agricultural collectives, with over 120 million households (almost all the peasant households in the country), had reportedly joined 26,000 of these new organizations.¹⁰

The people's communes merge the agricultural collectives into one entity, look after the over-all development of agriculture, forestry, animal husbandry, sideline production and fisheries, and co-ordinate the activities of workers, peasants, tradesmen, students and militiamen. In this way they hope to bring about a greater division of labour and increase production. The August resolution proposed the initial establishment of a commune for each *hsiang* (or township) with about 2,000 households, with the final goal of associating these *hsiang* communes into a federation of communes for each *hsien* or county. Unification of the government and the commune appeared to be contemplated whereby the *hsiang* Party committee would become identical with the commune Party committee, and the *hsiang* people's council identical with the administrative committee of the commune. According to the resolution adopted on 10 December, the administration of the commune is to function on three levels—the commune administrative committee, the administrative district (or production brigade) and the production team. The administrative districts are in general the units which manage industry, agriculture, trade, education and military affairs in given areas and work on a basis of economic accounting, with their gains and losses pooled for the commune as a whole. The production team is the basic unit of labour organization. The commune administrative committee formulates policy,

⁹ NCNA, Peking, 2 January 1959.

¹⁰ NCNA, Peking, 30 September 1958, and "Party Resolution on Questions concerning People's Communes", NCNA, Peking 18 December 1958. "People's communes have now been set up as a general rule in all rural areas inhabited by peoples of various nationalities (except in Tibet and in certain areas)."

but delegates the necessary authority over such matters as the organization of production work and capital construction, finance and welfare amenities to the administrative district and the production team, in order to bring their initiative into full play.¹

The December resolution called upon the Communist Party Committees of the provinces, municipalities and autonomous regions to make full use of the five months from December 1958 to April 1959 to consolidate the people's communes in their areas. However, it allowed fifteen or twenty years, or more, instead of the three to six years envisaged in the August resolution, for "completion of this gigantic and extremely complex task of gradually building the country into a great socialist land with a highly developed modern industry, agriculture, science and culture". During this period—extended because of certain misgivings and resistance—"the people's communes, in a form suited to the specific features of cities, will also become instruments for transformation of old cities and construction of the new, socialistic cities".

The reorganization of the structure of agricultural production which has taken place in mainland China, first from individual farm households into collectives (1956-1957) and then from collectives into communes, has clearly been directed to further enhancement of the government's direct control over the organization and distribution of production and over the level of consumption. The main objectives seem to be to mobilize resources—in response to Chairman Mao Tse-tung's national call for three years (1958-1960) of sacrifice and "super effort", to expand the economy to a point adequate to maintain continuing growth—on a much larger scale than had hitherto been thought possible for a fundamentally agricultural economy; to simplify the allocation of resources and distribution of production between accumulation and consumption;

and to facilitate the execution of policies since the government is now dealing with a manageable number of communes which themselves supervise the production brigades and teams. Another advantage of the larger unit of production is that output can be increased, even before any considerable changes are made in tools and equipment, simply by improving organizational technique and making fuller use of mainland China's vast labour potential. Attempts are even being made to free rural female labour for production work through the promotion of communal kitchens, nurseries and so on.

If the communes should prove successful they would bring about a decentralization of industrial production, since they could operate their own factories, as they already do in many cases, in areas well removed from large cities and metropolitan centres. In this way many undesirable features associated with excessive urbanization—slums; inadequate housing, health and education; juvenile delinquency—would be avoided. Moreover the establishment of local or rural industries in areas readily accessible to markets and to supplies of raw materials and labour would relieve the country of heavy transport costs. (Distribution costs had already been considerably reduced, before the communes were organized, through the system of credit, supply and marketing co-operatives which eliminated middlemen.)

All in all, from the point of view of the technical organization of production, the communes appear to possess marked advantages. The question which only the future can answer is whether they provide adequate human incentives. The degree of regimentation is unusual. Freedom of employment, consumption and ownership is severely restricted. Family life is being increasingly substituted by communal life in which communal mess halls, tailoring groups, nurseries and kindergartens take care of traditional household functions and housewives participate in productive work away from the home.

¹ *Ibid.*

Chapter 2

FOREIGN TRADE

GENERAL TRENDS

World trade, which had expanded in value from 1955 at an annual rate of 8.10 per cent (trade between the Soviet Union, Eastern Europe and mainland China is not included in the totals), started contracting in the second half of 1957. The downward trend was accelerated in 1958. The dollar value of total world imports in the third quarter of 1958 was 12 per cent less than in the peak second quarter of 1957.

In terms of world exports,¹ the indexes for the third quarter of 1958 (second quarter of 1957=100) were:

	Value	Quantum	Unit value
All products	91	95	96
Manufactures	94	93	101

Thus, the value of non-manufactured items in world trade declined through a fall in quantum as well as in prices whereas the manufactures shrank in volume while their prices actually increased.

The fall in world trade was associated in time with the industrial recession in the United States which also began in the third quarter of 1957. However, in the global sense the United States did not lower the volume of its imports until 1958; in fact, its total imports increased by 4 per cent in quantum and by 2 per cent in value in the second half of 1957 as compared with the first half of the year. History failed to repeat itself here. The decline in world trade in the second half of 1957 was largely accounted for by the fall in the imports of Canada, Western Europe and Japan: as far as the United States was concerned, it was exports that declined.

The onset of the recession in the volume of world trade in the second half of 1957 did not hit the primary producing countries of the ECAFE region on the whole, although there was a sharp reduction in Japanese imports which followed the stringent measures taken by that country to restore its balance. As compared with the first half of 1957, the quantum of Japan's imports declined in the second half by

¹ World imports and exports should naturally be equal, if fully recorded; however, since the exports of the Soviet Union, Eastern Europe and mainland China to the rest of the world exceed their imports from the rest of the world, the aggregate imports registered by the rest of the world exceed its exports.

16 per cent while its exports increased. The value of exports of other ECAFE countries² remained at 3.3 billion dollars. Their exports to Japan decreased by 149 million dollars; their exports to the United States, Western Europe, to each other and the rest of the world, were higher.

Not until 1958 did the main impact of the recession in industrial countries make itself felt on the primary producing countries of the region. In the first three quarters of 1958, their earnings from exports were 11 per cent lower than in the corresponding period of 1957. Between the first halves of 1957 and 1958 the export incomes of the ECAFE region's primary producers to different parts of the world declined as follows:

Table 3. ECAFE countries (excluding mainland China and Japan): Changes in export earnings measured against first half of 1957

	Amount (million dollars)			Per cent in terms of annual rate July 1957-June 1958
	1957 2nd half	1958 1st half	Total	
Exports to:				
United States	+ 27	- 49	- 22	- 2
Western Europe	+ 20	-109	- 89	- 5
Japan	-149	- 84	-233	-36
Each other and				
rest of the world	+ 93	-177	- 84	- 3
TOTAL	- 9	-419	-428	- 7

The exports of the primary producing countries of Asia and the Far East have grown comparatively slowly when world trade was expanding and fallen more sharply when it declined. For instance, the export earnings of the ECAFE region's primary producing countries rose only 0.87 per cent between 1955 and 1956 and 2 per cent between 1956 and 1957, whereas world exports increased by 11 per cent in 1956 and 7 per cent in 1957. On the other hand, when world exports were 6 per cent lower in the first three quarters of 1958 than in the corresponding period of 1957, the decline for the ECAFE primary producing countries was more than 11 per cent.

² In this chapter the coverage of foreign trade for the ECAFE region includes: British Borneo, Burma, Cambodia, Ceylon, China: Taiwan, Federation of Malaya, Hong Kong, India, Indonesia, Japan, southern Korea, Laos, Pakistan, the Philippines, Singapore, Thailand and southern Viet-Nam.

The weak position of the region's primary producers is the outcome of many factors, the most significant of which is the sharp contrast between the growth in world demand for primary products and for products of industry. A lack of capacity or willingness to hold inventories for substantial periods has been on the whole a particular weakness of the countries of this part of the world as compared with the primary producers, for instance, in Latin America. The Asian countries' bargaining position, like that of other primary producers, is further weakened by their extreme and constantly growing need for the exports of industrialized countries, as against the ample room for manoeuvre that industrialized countries possess in satisfying their requirements for agricultural and mineral products. Both the primary products themselves and their end products can be largely substituted by the products of industry (natural by synthetic rubber, oil-based soap by detergents, leather by plastics, cotton by synthetic fibres, jute by paper or bulk handling). Technological advances and a high level of investment have steadily reduced the real cost of the products of industry for which the demand is more or less indefinitely expandable, as contrasted with rather rigid costs and relatively inelastic supply of primary commodities. Moreover, since domestic consumption in the producing countries has risen, there is often less available for export. Finally, as far as the sterling trade of the sterling area ECAFE countries is concerned, this has been handicapped by the fact that it is still carried on at prewar terms of exchange, even though wartime inflations have raised production costs in these countries more sharply than in the United Kingdom. Their postwar devaluations with non-sterling countries have mostly followed changes in the value of the pound sterling rather than their own needs arising from the specific problems affecting their foreign trade.

In the first half of 1957, both the primary producing countries of the region and Japan, in pursuit of economic expansion greatly increased their expenditure on imports. The resulting total was 46 per cent in excess of their export earnings. This resulted in a sharp imbalance on external account. Japan's credit measures drastically reduced its imports, thus adversely affecting the exports of the primary producing countries. As their exports fell and their foreign balances shrank, other countries of the region also were forced to take drastic measures to restrict imports. As compared with the annual rate in the first half of 1957, Japan's imports were 17 per cent less in value in the second half of 1957 and 34 per cent less in the first three quarters of 1958. The primary producing countries reduced their imports

less effectively in the second half of 1957 (1 per cent) than later (16 per cent in the first nine months of 1958 below the annual rate in the first half of 1957).

The reduction in imports, which was sharper both in volume and in proportion than the fall in exports, considerably reduced the heavy import surplus. The net trade deficit of 2.10 billion dollars registered by the countries of the region in the first half of 1957 was brought down to 1.48 billion dollars in the second half of that year and to 1.35 billion dollars in the first nine months of 1958. This reduction in the imbalance, coupled as it was with a fall in exports, was more an indicator of hardship than a matter for satisfaction. It hurt in most countries of the region.

In addition to the difficulties arising from imbalance in the quantum of goods traded, the countries of the region have suffered losses from the deterioration of their terms of trade. These have fallen from 104 in 1955 (1953=100) to 100 in 1956, 81 in 1957 and 69 in the first quarter of 1958. These declines were partly due, at the end, to the softening in prices occasioned by the United States recession (even though, as noted above, total United States imports actually increased in value in the second half of 1957). In fact, the postwar United States recessions have had more impact on prices than on the quantum of commodity exports of the region, as is shown in greater detail below. But a more important factor than the recessions is the long-term disadvantage of the region's primary exports vis-à-vis imports of manufactured goods which was discussed above. If this declining trend in their terms of trade persists, it can only accentuate the continuing imbalance between earnings and payments which seems to be deeply embedded in the trade and payments relationship of the primary producing countries of the ECAFE region with the rest of the world.

EXPORTS

The only countries not affected by the general decline in export earnings in the first three quarters of 1958 (as compared with the first three quarters of 1957) were China: Taiwan, Laos, and the Philippines. Sugar sustained the export proceeds of the Philippines. The increase in China: Taiwan's exports was due to the 37 per cent devaluation (from NT\$26.35 to NT\$36.08 per United States dollar) in April for private exports, which rose between April and August 1958 by over fifty per cent above the corresponding period of 1957. However, government exports of sugar, rice, etc., which were subject to a lesser degree of devaluation, suffered some setback, particularly sugar. On 20 November 1958, the new

Table 4. ECAFE countries: Value of exports
(million dollars)

Country	1956	1957	1957		1958		Percent change in first nine months 1958 over first nine months 1957
			First half	First nine months	First half	First nine months	
TOTAL	8,903	9,399	4,603	7,010	4,247	6,438	+ 8.2
British Borneo	306	313	153	235	141	216	+ 8.1
Burma	246	229	130	192	105	151	+ 21.4
Cambodia	37	52	29	41	27	38	+ 7.3
Ceylon	364	353	186	277	154	259	+ 6.5
China: Taiwan	118	148	91	119	87	122	+ 2.5
Federation of Malaya and Singapore	1,361	1,363	679	1,019	618	905	+ 11.2
Hong Kong	563	529	277	397	246	374	+ 5.8
India	1,300	1,350	659	1,031	542	885	+ 14.2
Indonesia	896	969	407	677	322	527	+ 22.2
Japan	2,501	2,858	1,328	2,096	1,391	2,079	+ 0.8
Korea, southern	25	22	12	18	7	11	+ 38.9
Laos	1	1	0.4	0.8	0.8	1.2	+ 50.0
Pakistan	340	337	199	248	160	215	+ 13.3
Philippines	466	431	226	325	245	373	+ 14.8
Thailand	334	365	191	277	170	242	+ 12.6
Viet-Nam, southern	45	79	36	57	31	40	+ 29.8
TOTAL, excluding Japan . . .	6,402	6,541	3,275	4,914	2,856	4,359	+ 11.3

Source: *International Financial Statistics*, United Nations *Monthly Bulletin of Statistics* and national sources.

rate of exchange was extended to all trade and non-trade transactions including government exports.

Export earnings of all other countries declined. Countries experiencing losses of more than 10 per cent were fairly numerous and included Burma, Federation of Malaya, India, Indonesia, southern Korea, Pakistan, Singapore, Thailand and southern Viet-Nam. Their export situation may be reviewed with reference to the problems confronted by the principal commodities in their export trade.

Table 5 shows the direction and magnitude of the changes that took place in the production, gross exports and prices of the more important products in 1958 (or 1957/58) as compared with the previous year. Regional totals, of course, hide significant differences between individual countries.

PRIMARY PRODUCTS

Three features in particular characterized the ECAFE region's export trade in primary products in 1958. First, the quantities exported were smaller for all important products except jute and tea. Secondly, the prices of most export commodities either fell below the previous year's level or remained more or less unchanged. Of the major primary export products, only the copra and rice prices rose significantly above 1957 levels, and this in both cases was due to scarcity

of supplies rather than expansion of demand. Thirdly, there were internal disturbances and difficulties of inter-island transport in Indonesia; these led to reduced production of a number of export commodities, and had important effects on the trade in those products, especially copra, rubber, tin and petroleum products.

The factors responsible for these developments varied for different products. For rubber and tin the economic recession in the West, particularly in the United States, was the main cause for the reductions in 1958 in output, exports and prices. Rubber is the most unstable of all the major export earners of the region, and as the fluctuations in its production and exports are caused as a rule by oscillations in demand, the prices usually change in the same direction as the quantities exported, thus increasing the variations in export proceeds. The United States normally takes some 30 per cent of all the rubber exported from the ECAFE region, and it was the heavy reduction in 1958 rubber consumption in that country (10 per cent up to September) which caused most of the decline in exports. United States consumption recovered rapidly towards the end of the year, so that, over the year as a whole, the world natural rubber consumption probably exceeded the 1957 consumption by a small margin. The final shortfall in the region's exports may thus not be quite as much as the figure in table 5 indicates. Prices also recovered during the second half of the year.

Table 5. ECAFE region (excluding mainland China): Production, Gross Exports and Prices of Export Commodities in 1958 (or 1957/58) Compared with the Previous Year

Commodity	Period	Unit	Production		Gross Exports		Prices ^a	
			1958 or 1957/58	Change (per cent)	1958 or 1957/58	Change (per cent)	1958 or 1957/58	Change (per cent)
Agricultural products								
Rubber	Jan-Sep	1,000 tons	1,231	— 7.0	1,200	— 5.5	77.89	— 14.7
Cotton	Aug/Jul	1,000 bales	5,780 ^b	+ 5.0	880	— 15.4	30.16	— 0.3
Jute	Jul/Jun	1,000 tons	2,310 ^b	+ 4.0	885	+ 22.0	111.9	+ 0.1
Sugar	Jan/Aug	1,000 tons	4,991 ^c	+ 5.2	1,437	1.4	3.5	— 37.4
Tea	Jan-Sep	million pounds	925 ^d	+ 3.0	696 ^e	+ 4.6	2.64	+ 3.5
Copra & coconut oil ^f . . .	Jan-Sep	1,000 tons	2,400	— 11.4	932	— 28.1	195.1	+ 12.4
Rice	Jan-Sep	1,000 tons	76,200 ^g	— 7.6	2,546	— 22.4	51.6 ^h	+ 8.4
Mineral products								
Tin in concentrates . . .	Jan-Sep	1,000 tons	56.6	— 26.1	21	— 31.3	...	..
Tin metal	Jan-Sep	1,000 tons	36.4	— 33.8	37	— 32.8	365.76	— 3.6
Iron ore	Jan-Sep	1,000 tons	8,927.5	+ 1.0	4,564	— 13.1	41.86	— 19.4
Manganese ore	Jan-Sep	1,000 tons	...	...	778	— 40.4	151.46	— 7.8
Petroleum, crude	Jan-Sep	1,000 tons	16,748.0 ⁱ	+ 10.3	8,957 ^j	— 0.9	176.4 ^k	+ 6.1
Petroleum products	Jan-Jun	1,000 tons	5,666 ^l	— 7.1	4,544 ^m	+ 9.7	435.4 ⁿ	— 4.07
Manufactures								
Jute products	Jan-Sep	1,000 tons	933.0	+ 4.1	505	— 15.3	42.67	— 4.3
Cotton fabrics	Jan-Sep	million metres	6,201.4	— 10.8	1,444	— 14.8	43	— 12.2

Source: FAO and national sources. Cotton production—from International Cotton Advisory Committee. Rubber production—from the International Rubber Study Group. Tea production—from International Tea Committee.

^a The following prices are quoted:

Rubber: No.1 RSS, Singapore, Straits cents per pound.

Cotton: 289 F Punjab SGF, Karachi, including export tax, US cents per pound.

Jute: Raw, Pakistan mill first, c & f Dundee, £ per long ton.

Sugar: Cuba, f.o.b., No.4, contract at New York Exchange, US cents per pound.

Tea: Leaf, for export, all types, at Calcutta auctions, Rupees per pound.

Copra: Philippine copra at European ports, bulk shipment, nearest forward shipment, c & f, US\$ per long ton.

Rice: Thailand white rice, 15-17% broken, government standard, f.o.b. Bangkok, £ per ton.

Tin metal: Ex-works Singapore, Malayan dollars per picul.

Tin ore: Fe, 60%, f.o.b. Calcutta, Rs per long ton.

Manganese ore: India, export price, Visakhapatnam, Rs per long ton.

Petroleum, crude: Indonesia, unit value of export, Rp per ton.

Petroleum products: Indonesia, export unit value of benzine and gasoline, Rupiah per ton.

Jute products: Hessian cloth, 10½ oz 40", domestic export price at Calcutta, Rs per 100 yds.

Cotton fabrics: Japan, export price f.o.b., heavy shirting S/2003 grey 38", yen per yard.

^b India and Pakistan only.

^c Refers to September/August for China (Taiwan), India, Indonesia and Philippines.

^d Ceylon, India, Indonesia and Pakistan only.

^e Ceylon, China (Taiwan), India, Indonesia and Pakistan only.

^f Production refers to copra of calendar year 1958, exports to copra and copra equivalent of coconut oil.

^g Refers to crop year. ^h January-August. ⁱ Excluding Iran. ^j Excluding Japan.

The sharp reduction in Indonesian rubber production and exports caused the demand for rubber to be met to a greater extent from other sources. As compared with the corresponding period of 1957, exports from the Federation of Malaya increased by 9 per cent during the first three quarters of 1958, and those from Thailand by 15 per cent.

The rice trade is largely intra-regional. In effect, in most years the difference between the combined net exports of exporting countries in the region (excluding mainland China) and the net imports of importing countries (including imports from mainland China) is rather small. The trends are, therefore, for convenience, discussed later in the section on imports.

As a result of drought in the Philippines and some other major producing countries, and internal difficulties in Indonesia, the region's copra production and exports fell for the second successive year, this

time even more drastically than in 1957. During the first nine months of 1958, the combined exports of copra and coconut oil were 28 per cent less than in the corresponding period in the previous year. The effect on exports of the fall in production probably was aggravated by the failure of domestic consumption to fall proportionately with output. Over a longer period of time, however, the production of copra has expanded rapidly enough in the region as a whole, although not in every producing country, to allow both larger exports and larger domestic consumption. This has not been true for some other commodities of the region. Cotton is a case in point.

The production of cotton in Pakistan — now the main exporter — has been rather stagnant since 1952/53, and as the domestic consumption has increased steadily, the exportable surpluses have dwindled. Although a small increase was registered in production in 1957/58, exports fell again, to

385,000 bales, which is only 30 per cent of the 1952/53 peak. No clear trend has been apparent in Indian exports of surplus short-staple cotton. In the 1957/58 season, India's exports fell, but the reduction was much smaller than for Pakistan.

Japan is the world's largest importer of raw cotton. It takes between one-third and one-half of the cotton exports of India and Pakistan, but these two countries supply only a small part of its total import requirements. The recession in the textile industries of Japan in 1957/58 led to a decline of 14 per cent in consumption of raw cotton during the first eleven months of the 1957/58 season as compared with the same period in 1956/57. Since part of the consumption was met by inventory depletion, imports were cut even more, by 20 per cent.

The region's exports of sugar in 1958 were higher in volume than in 1957, and their value was considerably reduced because the average price of sugar for countries selling on the free market under the International Sugar Agreement (i.e. excluding most of the exports of the Philippines, which are sold to the preferential market of the United States) was considerably lower in 1958 than in 1957. However, since 1957 prices were extraordinarily high, 1958 prices still compared favourably with the 1954-1956 level.

In the Philippines, the significance of the 26 per cent increase in sugar exports in the first nine months of 1958 is exaggerated by the comparison with 1957, when production and exports were the lowest for a number of years—so low, in fact, as to endanger the filling of the quota to the United States in that year. Although production in 1957/58 was larger than in the two preceding seasons, it was still smaller than in 1954/55, and domestic consumption of sugar is increasing steadily, leaving less for export.

Production of tea has increased adequately since the war, and there has been no difficulty in satisfying the demand of importing countries. In fact, this demand is growing rather slowly in most of the traditional importing countries, and in recent years there has at times been a surplus of tea, especially of plain types. However, the glut has never been serious enough to make the producing countries revive the International Tea Agreement which was allowed to lapse in 1955. Instead, voluntary restrictions of production have sometimes been undertaken.

The region's total exports of tea were 5 per cent greater than in 1957, owing to larger shipments from India (exports from Indonesia and Japan were reduced). Prices were somewhat firmer than in 1957

at the Calcutta auctions but at Colombo they were again depressed, as in 1957, below the previous year's level.

For jute, production and domestic consumption in India and Pakistan and exports from Pakistan were larger in 1957/58 than in 1956/57. The increase in Pakistan's exports was due to larger shipments both overseas (up by 23 per cent) and to India.

Exports of mineral products, as of some agricultural raw materials, were generally affected by recession. The ECAFE quantum index of exports of mineral products dropped by 26 per cent between the third quarter of 1957 and the first quarter of 1958. Prices began to slump early in the third quarter of 1957 and continued their downward trend throughout the rest of the year; they generally picked up slightly by the end of the first quarter of 1958, but still remained below the peak reached in the second quarter of 1957. Exports of iron ore, tin-in-concentrate and manganese ore were lower by 13, 31 and 42 per cent respectively in the first three quarters of 1958 as compared with the corresponding period of the previous year. Exports of tin were also affected by the reduction in export quotas fixed by the International Tin Council, from 45,000 to 27,000 tons in December 1957 and to 23,000 tons in March 1958. To make matters worse, the buffer stock operations of the Council were suspended in September 1958 and prices slumped sharply. This breakdown was widely attributed to the sale of tin by the Soviet Union in Western markets; part of this supply had to be purchased by the Council in order to support the floor price, thereby severely straining its limited resources. Exports of petroleum products, on the other hand, were higher.

MANUFACTURES

The situation confronting textile exports has already been described in the section on industrial production. An interesting sequel may be mentioned here. The major textile exporters of the region have been persuaded to control their exports in order to forestall protective action against their goods by importing countries. It is not so much, however, the countries of Asia that have sought protection as the United States and the United Kingdom. Japan's exports of cotton textiles to the United States have been voluntarily restricted. Similar arrangements between the representatives of British, Indian, Pakistani and Hong Kong cotton industries provide for the voluntary limitation of exports of duty free cotton cloth into the United Kingdom.

Japan is the only substantial exporter of manufactured goods other than textiles. The importance of textiles in the exports of Japan has been declining as the country has shifted its production and exports in conformity with trends in world demand; by 1957, textiles and textile manufactures accounted for only about one-third of Japan's export trade, as against one-half in the prewar period. On the other hand, the share of non-metal mineral manufactures (e.g. cement) metals and metal manufactures and machinery, had increased from about one-sixth of total exports in the prewar period to one-third in 1957. This shift in export composition, which continued through 1958, has been Japan's response to the intensified external demand for machinery and transport equipment needed for industrial growth. Among the domestic factors also contributing to the change-over were the capital intensification and the development of technology in Japan and the narrowing of the wage difference between the textile and other industries.

IMPORTS

A number of factors were responsible for the sharp increase in the volume of imports in the first half of 1957. They included the reopening of the Suez Canal; the industrial and inventory boom in Japan; the temporary increase in the purchasing capacity of the primary producing countries arising

from previous high export earnings; their increased need for capital goods to maintain the tempo of economic development; and in some case their increased need for food and other consumer goods to combat shortages and rising domestic prices. This expansion was accompanied by rising prices. The dollar value of imports of countries of the region including Japan rose to an annual rate of \$13.4 billion in the first half of 1957 (\$10.9 billion in the whole of 1956), and, excluding Japan, to \$8.7 billion (\$7.7 billion in 1956). Including Japan, the net aggregate trade deficit increased from \$2.0 billion in 1956 to a \$4.2 billion annual rate in the first half of 1957; excluding it, to \$2.2 billion from \$1.3 billion in 1956. The net loss of foreign assets¹ rose from \$275 million in 1956 to an annual rate of \$1,638 million in the next six months; Japan accounted for 60 per cent of the total in the latter period.

The countries affected had to take steps to stop the deterioration in their trade balances and foreign asset holdings. Among those resorting to monetary measures for the purpose, Japan stands out for the success it achieved. To a considerable extent its success was due to the forces inherent in the preceding expansion which had led to the increase in imports.

¹ For the following countries of the region, for which data are available: Burma, Ceylon, China: Taiwan, Federation of Malaya and Singapore, India, Indonesia, Japan, southern Korea, Pakistan, Philippines, Thailand and southern Viet-Nam.

Table 6. ECAFE Countries: Value of Imports
(million dollars)

Country	1956	1957	1957		1958		Percentage change in first nine months 1958 over first nine months 1957
			First half	First nine months	First half	First nine months	
TOTAL	10,922	12,983	6,707	9,952	5,312	7,780	-21.8
British Borneo	227	224	112	170	102	157	-7.6
Burma	197	296	140	220	105	157	-28.6
Cambodia	57	58	22	38	37	50	+31.5
Ceylon	342	379	195	295	155	250	-15.3
China: Taiwan	194	212	95	151	102	159	-5.3
Federation of Malaya and Singapore	1,357	1,431	727	1,103	706	1,010	-8.4
Hong Kong	799	901	472	683	390	579	-15.2
India	1,725	2,154	1,044	1,564	819	1,200	-23.3
Indonesia	861	797	427	615	270	390	-36.6
Japan	3,230	4,284	2,344	3,415	1,579	2,312	-32.3
Korea, southern	389	446	230	361	221	321	-11.1
Laos	35	42	18	27	16	23	-14.8
Pakistan	417	440	226	327	216	306	-6.4
Philippines	509	625	315	470	275	402	-14.4
Thailand	365	406	206	306	202	292	-4.6
Viet-Nam, southern . . .	218	288	134	210	117	172	-18.1
TOTAL, excluding Japan . .	7,692	8,699	4,363	6,540	3,733	5,468	-16.4

Source: *International Financial Statistics*, United Nations, *Monthly Bulletin of Statistics* and national sources.

The measures taken in mid-1957 included a sharp increase in deposit requirements for imports. Restrictions were imposed on sterling usance bill facilities for imports. Exchange allocations for cotton and wool imports were cut in the second and third quarters of 1957, and allotments for all imports were reduced in the next two quarters. The result, on the trade side, was a 17 per cent decline in the annual rate of Japan's imports in the second half of 1957, and a reduction by 34 per cent in the first three quarters of 1958, from the peak levels of the first half of 1957.

The primary producers of the region took both monetary and direct measures to reduce imports. The severity of these restrictions varied in different countries according to the size and the nature of the disequilibrium in their trade balance. Moreover, although there is little doubt that the major object of the import restrictions was to meet the problem of a temporary or continuing import surplus, several countries also sought to reduce imports in order to create a protective umbrella for individual domestic industries.

Direct import restrictions usually involved the use of import licensing for individual items, the allocation of exchange quotas or the imposition of quantitative restrictions for different kinds of imports, and the raising of import duties or the total prohibition of certain kinds of imports. Generally, imports of consumer goods, including private imports of manufactured food items, were subjected to severe restrictions. These measures relieved pressure on external balances, but at the cost of pushing up internal prices. In several countries (India, Pakistan the Philippines), restrictions were even used against imports of industrial raw materials and capital goods. India introduced deferred payments arrangements for imports of capital goods whereby licences were only to be granted to projects for which payment could be deferred at least up to 1961 and which would directly earn or save enough foreign exchange to pay for the instalments when they fell due.

Indonesia and the Philippines tried to reduce imports through monetary measures. Indonesia made all imports subject to heavier deposit requirements and varying rates of surcharge, depending on the nature of the goods imported. The Philippines required 100 per cent payment in advance for all letters of credit in foreign currencies for the import of decontrolled essential consumer goods and essential and semi-essential producer goods. A deposit of 200 per cent was required for the import of semi-essential consumer goods and non-essential producer goods. No letters of credit could be obtained for non-essential consumer goods.

Restrictive import policies appear to have generally achieved their object in the case of primary producing countries, as they did in Japan. Reduction of food imports and lower freight rates also helped. The most drastic of the import reduction took place in Burma, India, Indonesia and southern Viet-Nam. Ceylon's considerable reduction of imports in 1958, however, was due to labour troubles in the port of Colombo. Ceylon has followed liberal import policies in general; its existing restrictions cover only a few items.

The pinch of the import restrictions has frequently been quite severe. Some countries have reported that cuts in imports of raw materials and spare parts were responsible for unsatisfactory progress in production and planned investment. In the case of raw materials imports by Japan, the previous sharp increase in such imports for production and inventories was reversed as the tightening of credit made its impact on inventories and output.

The situation with respect to food and capital goods—the two major elements in the imports of ECAFE countries—is described below.

CEREALS

On the whole, import demand for rice in the region continued to be strong in 1958. This was because several countries had bad crops in 1957/58. Population growth also increased the demand for food. However, actual imports in 1958 were apparently somewhat limited by the fall in rice supplies available for export from the traditional exporting countries of the region. This was the combined result of the smaller 1957/58 crops and of near-depletion of export stocks. The largest declines involved imports from the two principal sources, Burma and Thailand. Imports from southern Viet-Nam also decreased, but those from Cambodia and China: Taiwan increased. Aggregate net exports of rice from the exporting countries of the region (excluding mainland China) in 1958 were provisionally estimated at nearly 3.2 million tons; this was the lowest total since 1954 (comparable figures for 1956 and 1957 were 3.4 million tons and 3.8 million tons respectively).

By contrast, exports of rice from mainland China greatly increased in 1958; excluding exports to the Soviet Union, which in the years 1955-1957 ranged from 181,000 tons to 458,000 tons, mainland China's rice exports may have reached 800,000 to 900,000 tons, making it the third largest rice exporter in the world. The corresponding figures were 280,000 tons for 1957 and 545,000 tons (the previous record) for 1956.¹ In 1958, mainland China was the largest

¹ FAO, *Monthly Bulletin of Agricultural Economics and Statistics*, December 1958.

supplier of rice to Ceylon, and a major supplier to Hong Kong, Indonesia and, though to a lesser extent, Japan.

Because of the cessation of shipments on special terms to India and southern Korea, the United States, the main outside supplier, exported much less rice to the countries of the region in 1958 than in 1957. This, however, was more than offset by larger exports into the region by other outside suppliers, particularly Egypt, Italy and Spain.

Imports of rice into India and Pakistan declined considerably compared with 1957. Southern Korea, with a good harvest, virtually ceased rice imports and, instead, sought outlets for an exportable surplus of some 200,000 tons in the latter part of 1958. On the other hand, Indonesia and the Philippines imported more rice than in 1957. Rice imports into Japan, which had been falling since 1955, also increased substantially in 1958 from the greatly reduced level of the previous year, although its imports from the traditional exporters of the region declined. Net imports of rice in 1958 into all importing countries of the region from all sources seem likely to amount to nearly the same as the 3.6 million tons in 1957. Thus for the region as a whole (excluding mainland China), foreign trade in rice would show a net import balance of 0.4 million tons. This follows a net import balance of the same magnitude in 1956 and a net export balance of 0.2 million tons in 1957.

Export prices of rice, after having reached a peak in 1953, tended to decline in the following three years. Reflecting the relative scarcity, they rose again in the latter part of 1957 or early in 1958 and remained moderately higher during most of 1958. Towards the end of the year, however, good crop prospects again exerted a downward pressure on the prices. The prices of rice sold by mainland China on government-to-government contracts appeared to be more or less in line with those contracted by other exporters of the region. For sales to private import-

ers, however, Chinese rice seemed generally to have been quoted at a somewhat lower price than Thai rice of the corresponding quality.

Food deficit countries also had to import large quantities of other cereals, mainly wheat, from outside the region in order to meet their requirements in 1958. Dependence on wheat imports, which has characterized the postwar trade in cereals of the region, has been facilitated by an abundant supply in the world market,¹ relatively low prices and, in recent years, import availability on special terms. During 1958, India and Indonesia imported less, and Pakistan imported more wheat, than in 1957. Imports into Japan remained more or less unchanged. For the region as a whole (excluding mainland China), net imports of wheat in 1958 are provisionally estimated at approximately 7.1 million tons; this is 10 per cent below the record 1957 level of about 7.9 million tons but is still much higher than in earlier years. Mainland China is reported to have purchased 100,000 tons during the year.

Net imports of all cereals (rice, wheat, barley and maize, etc.) by importing countries of the region from all sources in 1958 are thus expected to total about 12.1 million tons, or 9 per cent below the previous year. Apart from the factors already mentioned, the decrease may have been due to larger reserve stocks which had been built up by very large imports in 1957, especially in India. On balance, the foreign trade of the region (excluding mainland China), in cereals in 1958 seems likely to result in a net import of some 8.7 million tons from outside the region, which is 6 per cent less than the 9.3 million tons recorded in 1957 but higher than in any earlier year.

¹ In the beginning of 1958/59, the accumulated wheat stocks in Argentina, Australia, Canada and the United States were estimated at about 42 million tons which, although some 10 per cent lower than a year earlier, was still more than sufficient to meet a year's total world exports. In 1958/59 the combined supply of wheat available for export in these countries is expected to increase further owing to larger crops in Australia and the United States.

Table 7. ECAFE Region: Net Trade^a in Cereals, 1954-1956 average, 1957 and 1958
(million tons)

	1954-56		1957		1958 ^b	
	Net Exports	Net Imports	Net Exports	Net Imports	Net Exports	Net Imports
Rice, milled basis	3.3	3.3	3.8	3.6	3.2	3.6
Wheat ^c	—	4.6	—	7.9	—	7.1
Other cereals ^d	0.2	1.3	0.2	1.8	0.2	1.4
TOTAL	3.5	9.2	4.0	13.3	3.4	12.1
Net imports from outside the region and from mainland China	—	5.8	—	9.3	—	8.7

Source: FAO, excepting 1958 data, which are ECAFE estimates.

^a Excluding net exports of mainland China, but including imports of ECAFE countries from mainland China. Includes also available data on Iran.

^b Preliminary estimate.

^c Wheat, and grain equivalent of wheat flour.

^d Including rye, barley, oats, maize, millet and sorghum.

Table 8. ECAFE countries: External Trade in Rice and Wheat,
1954-1956 Average, 1957 and 1958
(thousand tons)

	Average 1954-1956	1957	Corresponding period				
			1957	1958	Months covered from January		
<i>Rice</i>							
Exports from:							
Burma	1,655	1,755	1,691	1,362	10		
Thailand	1,168	1,575	1,575	1,128	12		
Cambodia	107	194	159	170	8		
Viet-Nam, southern . . .	77	190	178	131	11		
China:							
Taiwan	105	122	122	196	12		
Mainland:							
Excl. USSR	381	280	...	...	
To USSR	376 ^a	181	...	...	
Iran	40	30	...	...	
Imports into:							
Ceylon	426	523	493	423	11		
Fed. of Malaya & Singapore							
Gross imports	484	527	454	522	10		
Net Imports	428	411	362	365	10		
Hong Kong	217	312	312	300	12		
India	423	748	748	400	12		
Indonesia	383	563	502	600	11		
Japan	1,146	347	347	505	12		
Korea, southern	44	211	211	—	12		
Pakistan ^b	26	426	406	328	11.5		
Philippines	50	120	49	136	8		
<i>Wheat and wheat flour (wheat equivalent)</i>							
Imports into:							
Ceylon	281	271	270	288	11		
China: Taiwan	200	144	109	186	11		
Fed. of Malaya & Singapore .	210	223	179	204	10		
India	578	2,902	2,481	1,988	10		
Indonesia	197	217	187	129	11		
Japan	2,300	2,318	2,136	2,085	11		
Korea, southern	138	394	...	...	
Pakistan	200	729	615	752	11		
Philippines	290	398	...	...	

Source: FAO and national statistics.

^a 1955-1956 average.

^b Net exports for 1954-1955 are respectively 139 and 224; gross import for 1956 was 441.

Cereal consumption will continue to increase more or less proportionately with population growth, but since the 1958/59 production of rice is expected to be considerably larger in nearly all countries of the region, the import requirements of cereals in 1959 may be smaller in some food deficit countries. On the other hand, the exportable surplus of rice in the traditional exporting countries of the region is likely to increase to a considerable extent in 1959. For Burma and Thailand alone, the combined surplus available for export may reach 3.1 million tons or more as against estimated actual exports of 2.6 million tons in 1958. The exports from mainland China may have an even greater influence in the regional and international market for rice.

CAPITAL GOODS

The value of imports of capital goods and materials chiefly for capital goods (hereafter referred to, in combination, as capital items) in the region (excluding mainland China) consistently increased till the first half of 1957, the annual rate rising from 2.34 billion dollars in 1953 to 5.4 billion dollars in the first six months of 1957. The relative share of these capital items also increased during this period, from 28 per cent of total imports by value to 42 per cent.

In the case of Japan, imports of intermediate products and raw materials are more important than finished capital goods. The pre-1957 boom in the

investment goods industries, both for home needs and for exports, greatly increased the volume of imports of such materials and components.

The needs of other countries for capital goods are related to their development programmes and provide an approximate indication of the progress achieved. The imports of capital items by primary producing countries increased from \$1.8 billion in 1953 to an annual rate of \$3.4 billion in the first half of 1957. India's imports of capital items rose to an annual rate of \$1.3 billion in the first half of 1957—about three times the 1953 amount.

The repercussions of the import cuts on capital items imports in the second half of 1957 and 1958 can be seen from the figures in table 9.

Table 9. ECAFE region (excluding mainland China):

Imports of capital goods and materials
chiefly for capital goods

(million dollars)

	Japan	India	Other ECAFE countries	Total
1953	564	493	1,340	2,343
1954	551	510	1,343	2,404
1955	531	693	1,475	2,699
1956	988	979	1,685	3,652
1957 1st half (annual rates) . .	2,006	1,306	2,122	5,434
1957 2nd half (annual rates) . .	1,658	1,230	2,084	4,972
1958 1st half (annual rates) . .	970	966	1,856	3,792

As compared with a year previously, the aggregate imports of these items by ECAFE countries in the first half of 1958 were 27 per cent less in value; the volume decline may well have been about one-third, considering the rise in prices.

The prime reason for the 1957/58 decline lay in foreign exchange difficulties, although in the case of Japan, the external payments problem was only the precipitating cause; the major reason was the excessive earlier growth in productive capacity and in inventories. Towards the end of 1958, however, India succeeded in obtaining additional loans, and Japan's production appeared to be rising. The 1958 rice harvests were good in the food deficit countries and the consequent reduction in food imports will give greater leeway for imports of capital goods. The prices of primary products are rising. All these factors suggest a resumption of the upward trend in imports of capital items in 1959.

REPERCUSSIONS OF THE AMERICAN RECESSION

The United States recession of 1957-58 is the third since the end of the war. It may be of some interest to examine and compare the repercussions of all three on the foreign trade of the primary producing countries of the ECAFE region.

On the basis of declines in the United States gross national product and index of manufacturing production, the first recession took place during the first three quarters of 1949, the second during the second half of 1953 and the first three quarters of 1954, and the third during the last quarter of 1957 and the first two quarters of 1958. In all three recessions, the gross national product fell by 4 per cent below the pre-decline level before it started rising again. Manufacturing production fell more steeply—by 12, 9.5 and 11 per cent respectively.

The exports of primary producing countries of the ECAFE region to the United States account for between one-fifth and one-sixth of their total exports and consist mainly of sugar (from the Philippines), tea (Ceylon, India), rubber (Cambodia, Ceylon, Federation of Malaya, Indonesia, Thailand, southern Viet-Nam), copra (Cambodia, Ceylon, Indonesia, the Philippines), tin (Federation of Malaya, Indonesia, Thailand), raw and manufactured jute (India and Pakistan), hemp (the Philippines), manganese (India) and graphite (Ceylon, southern Korea). The exports of sugar are under quota arrangements and tea export is chiefly influenced by the situation with regard to other beverages, particularly coffee. Thus, these two items do not appear to be directly affected by recessions in economic activity; in any case, consumption levels have been maintained in the United States in all three postwar recessions. All the other items, however, are crude materials or semi-manufactures, imports of which tend to fall with a decline in industrial consumption when a recession gets under way.

The quantum index of United States imports of crude materials and semi-manufactures declined in all three recessions, but the decline did not have any precise relationship with the decline in the level of United States manufacturing production, owing to inventory changes on both private and government account. The declines in the imports of semi-manufactures were sharper in 1954 than in 1949, although the fall in manufacturing production in 1954 was less. This was because a slowdown in strategic stockpiling occurred in 1954, intensifying the effects of the decline in industrial consumption. During 1957/58 also, the declines in United States imports of crude materials and semi-manufactures have been sharper than the

declines in manufacturing production, because inventories were depleted as prices fell.

The region's exports to the United States have broadly, but with some time lag, followed the movements in the quantum index of United States imports of crude and semi-manufactured items. But the reactions have been varied. In practically every case, special factors have played their part in the changes that took place. For instance, during the 1949 and 1954 recessions, non-ferrous metals were in short supply, and exports of tin increased, whereas by 1958 the situation had eased, and tin exports to the United States in the first three quarters of 1958 were only half those in the corresponding period a year before. Similarly copra exports to the United States fell more sharply during the 1958 recession than in 1954; this, however, was more due to lower output than to lower demand.

Rubber, which is required for the automobile industry, is fairly sensitive to recessions. The fall in exports to the United States in 1954, however, was small, only about 2 per cent. This was apparently because natural rubber prices were already very low in 1953, and restrictions on the use of natural rubber in United States industries had been largely removed after the cessation of purchases for stockpiling; as a result, most of the considerable reduction in rubber consumption hit the synthetic product industry rather than natural rubber.

The aggregate declines in the export earnings of the region's primary producers to the United States have been rather small, about 58 million dollars in 1949 and 115 million dollars in 1954. On the other hand, total export earnings of these ECAFE countries increased by 102 million dollars in 1949, and the decrease in 1954 was only 25 million dollars. This was possible because the decline in production was confined to the United States. Industrial production in Western Europe rose by 14 per cent in 1949 and by 10 per cent in 1954 over the preceding years. Since Western Europe accounts for about a quarter of the region's export earnings, brisk demand from that quarter more than made up for the fall in exports to the United States. Japan's rapid recovery and progress has made that country also an important factor in the foreign trade of the region's primary producers. In 1958, the decline in United States demand was associated with the faltering of industrial production in Japan and in Western Europe. Consequently, export earnings of the primary producing countries of the region fell by as much as 419 million dollars in the first two quarters of 1958 as compared with the same period in 1957, although the difference

in exports to the United States between the corresponding periods was only 49 million dollars. It is clear, therefore, that the ECAFE region's primary producers as a group have not suffered much direct loss of earnings on exports to the United States.

Through their effect on prices, however, these recessions have injured the producers of primary products in their sales in the world market generally. The sudden spurts and declines in demand from the United States have upset the commodity markets. Prices have reacted violently. The quantum changes in exports to the United States constitute only a small, and relatively insignificant, variation in the total export proceeds. But the price effects on the primary producing countries of the ECAFE region become all pervading; their income from all sources is affected.

This is not to say that even a comparatively small fall in dollar earnings is not significant. Such declines have, in fact, created grave problems at several periods and for individual countries. But the situation had somewhat eased by 1958. The most critical dollar shortage was felt in 1949. At that time, suppliers of capital goods in Western Europe

Chart 5
United States, Western Europe and Japan:
Indexes of manufacturing production during
the three United States recessions
(1953=100)

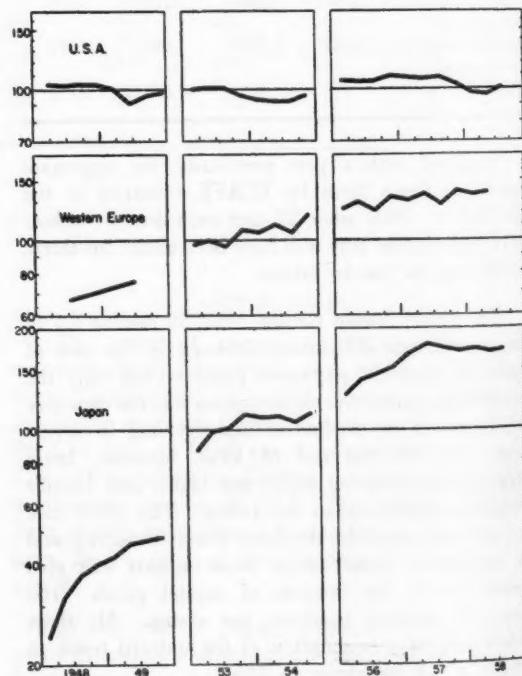
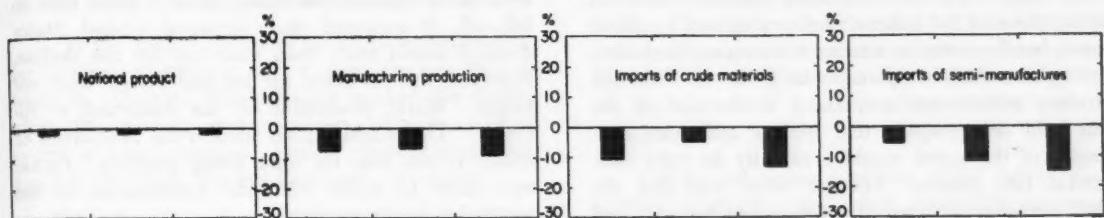


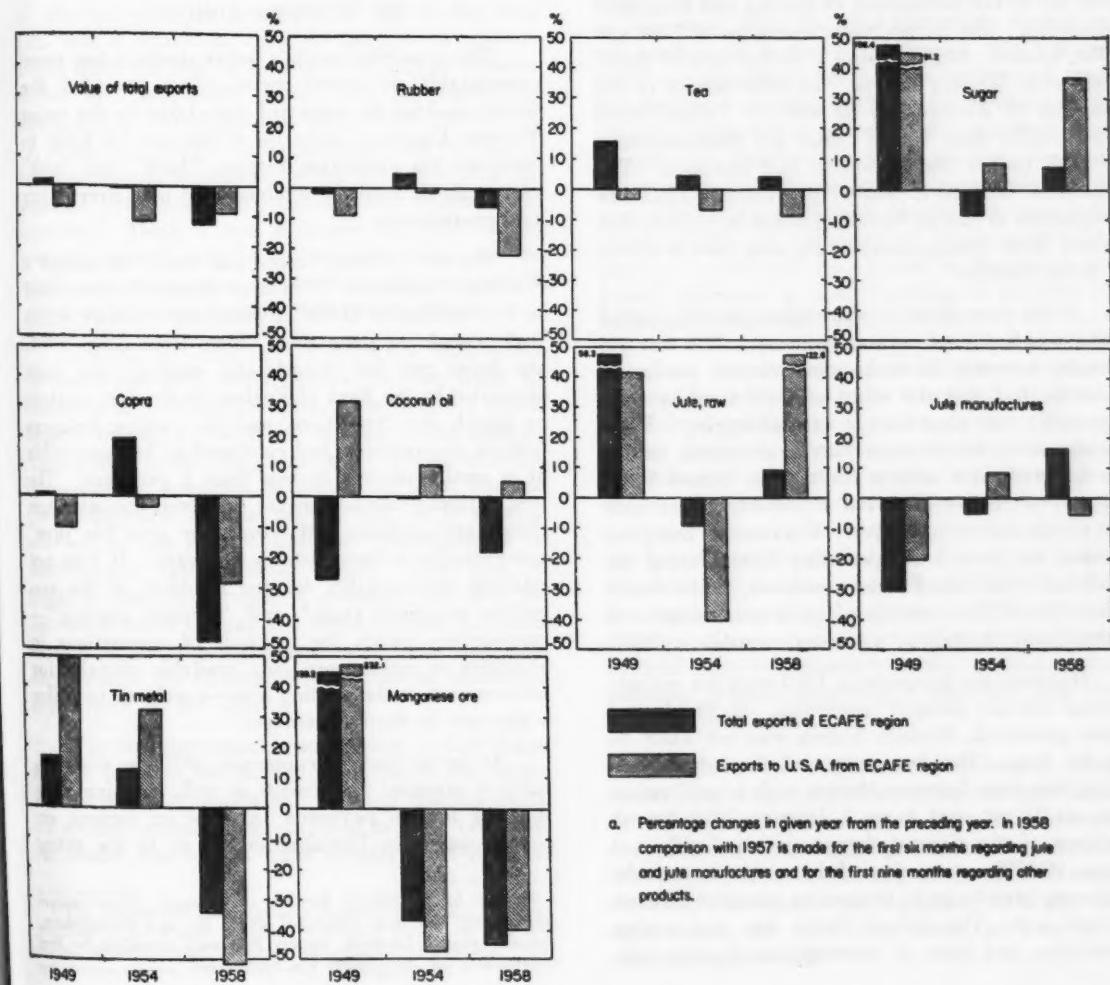
Chart 6

Percentage changes in national product, manufacturing production and imports of crude materials and semi-manufactures of the United States, and in value of total and major commodity exports of ECAFE primary producing countries, during the three United States recessions

I U.S.A.



II ECAFE primary producing countries



- a. Percentage changes in given year from the preceding year. In 1958 comparison with 1957 is made for the first six months regarding jute and jute manufactures and for the first nine months regarding other products.

were unable to meet Asian requirements, and Asia's imports had to be met from the dollar area. The result was that imports from North America were greater in 1949 than in 1954 by more than 250 million dollars, and dollars were in very short supply. In 1954 and 1958, the countries of Western Europe and Japan had recovered from the War and had expanded output. The dependence of the primary producing countries of ECAFE on the dollar area for capital goods imports was therefore much reduced. In 1958, the tightness of the balance of payments was a critical factor, but there was no attempt to increase discrimination against dollar imports as in 1949. In fact, the currency adjustments announced at the end of the year held out prospects that sterling and other currencies of the world would eventually be fully convertible into dollars. Another factor was that the 1949 recession occurred at a time when the gold and dollar reserves of the rest of the world were too low to absorb shocks to confidence; the run in September 1949 led to the devaluation of sterling and associated currencies. The United States recessions of 1954 and 1958, however, began against a background of rising reserves in Western Europe. In 1954 deficits of the countries of Western Europe with the United States were smaller than United States aid disbursements; in 1958 United States imports had increased. The experience of ECAFE primary producers in 1958 was comparable to that of Western Europe in 1954 in that United States disbursements in the area were in excess of dollar deficits.

As the year closed, it was evident that the United States was firmly set towards recovery. This was not enough, however, to make the primary producing countries feel that the worst of their troubles were necessarily over, since Europe was still lagging. Thus, the upturn in world commodity prices came late in the day and on a narrow front. The United States recovery started in May, but commodity prices were soft till the end of September. Whereas the European demand had been a compensating factor during the 1949 and 1954 United States recessions, United States demand could not provide adequate compensation if Europe were to undergo a serious recession in 1959.

However, the prospects in 1959 were not entirely gloomy for the primary producers. If the United States prospered, Western Europe was not likely to sag for long. The first impact of the introduction of the European Common Market, with a tariff reduction of 10 per cent from 1 January 1959 for all members of the General Agreement on Tariffs and Trade (GATT), was also likely to be favourable. Moreover, inventories in consuming countries generally were low. The United States was replenishing inventories, and rates of consumption of some com-

modities, notably tin and rubber, were running ahead of world production. Some of the adventitious factors which depressed the commodity markets in 1958 were also likely to be removed. Tin prices had recovered from the steep fall which occurred when the manager of the international buffer stock could not buy any more; restrictions on exports have now brought supplies, allowing for Russian exports, into balance with demand. Natural rubber prices had shot up because of Russian purchases; even if these were to fall off, it appeared that increased United States demand would more than make up for the decline. However, the prospects for tea and cotton were not bright. World production of tea continued to increase. This might further weaken the 1958 trend of falling prices, even for some better qualities. Cotton was likely to suffer from the continuation of the worldwide textile recession.

THE MOVE TOWARDS CONVERTIBILITY IN WESTERN EUROPE

The non-dollar world's dollar shortage has eased considerably in recent years. This provided the background for the concerted move taken by the major Western European countries at the end of 1958 to eliminate the distinction between "hard" and "soft" currencies through the establishment of convertibility for non-residents.

The new currency move can hardly be called a "currency revolution". In large measure it amounted to a formalization of the *de facto* convertibility which had existed for some time. Ever since early 1955, the dollar rate for "transferable sterling" had been supported by the Bank of England in the free markets in Zurich and New York, and the sterling balances held by non-residents had continued to be convertible at a small discount of less than 1 per cent. The new currency measure meant that even this discount disappeared entirely. Moreover, the new "*de jure*" convertibility is incomplete in two ways. It does not establish convertibility for the residents of the respective currency areas,¹ and "security sterling"—representing mainly the proceeds of transactions in securities or investments, only available officially for reinvestment in the sterling area—continues to suffer a discount in the free markets.

As far as trade is concerned, until the convertibility is extended to residents as well, enabling them to make foreign payments (at least on current account), payments liberalization, as or to the extent

¹ Except for the Federal Republic of Germany, where resident convertibility was fully established under the new arrangements, the only western European country previously providing for free convertibility for its residents was Switzerland.

conceived of in the International Monetary Fund (IMF) Agreement, will clearly not have been achieved. Article XIX of the Fund Agreement defines a convertible currency as the currency of a country which is no longer making use of its transitional privilege under Article XIV to impose direct restrictions on current transactions. However, the restrictions and discrimination imposed by the western European countries under the authority of Article XIV were not directly affected by the year-end currency move.

For the present, the move to partial convertibility, for instance of sterling, only enables the non-sterling world to eliminate discrimination against the dollar, while the sterling area continues with its present degree of discrimination. Similar considerations also apply to the other Western European currencies.

What the after effects will be, as far as liberalization of trade is concerned, is far from clear, but a cautious view seems to be indicated. The reduction of discrimination by non-residents will in the long run have a significant effect on the flow of international trade and lead to increased competition between dollar and non-dollar goods. But the immediate effect, unless accompanied by trade liberalization, will be primarily confined to an increased use of sterling in international settlements, which will strengthen the prestige and position of sterling as an international currency. There is even a danger that some of the countries that joined the convertibility move may be confronted with a stronger need to apply restrictions and discrimination in trade than existed before.

It is thus too early to foresee the full implications of these currency developments on the trade of countries in the ECAFE region. The long-run effects depend largely on what will happen in the field of trade policy itself. But, even in the absence of trade liberalization, countries of the dollar area, such as the Philippines in this region, will be favourably affected by the reduced need of "non-residents" to discriminate against dollar goods. The idea of multiple reserves becomes a practical one, and the increased use of sterling and other Western European currencies in financing international trade may help, for example, the Philippines to reduce its traditional dependence on the dollar.

The exchange controls and system of discrimination in force in the sterling countries of the region remain basically unaffected.¹ Though sterling markets should become more attractive to third countries, the actual flow of this trade appears more likely to

be influenced by bilateral agreements and by administrative controls over trade. The Commonwealth Preference system is also maintained. The extent to which exports from the sterling countries to the non-sterling non-dollar world will be affected is likely to depend on the degree of dollar competition in these markets after discrimination against the dollar has been reduced or abolished. Iron ore, raw cotton and sugar are outstanding items, among the products of this region in potential competition with dollar goods. The markets for rice are, by contrast, rather stabilized geographically; nevertheless, Burma and Thailand may also find the United States competing for the rice trade in non-sterling markets such as Indonesia.

For the remaining countries of the region, their earnings of sterling and other convertible currencies will now be as good as dollars, and they will have less need (if there was any) to discriminate against dollar imports. To the extent that they are enabled to buy goods from the most favourable market and sell goods to the highest priced market, they will gain additional advantages inherent in multilateral trade. But the extent to which the import regulations of, for example, Japan can be relaxed in the immediate future depends on many other basic or real conditions affecting trade. Japan's exports meanwhile can be expected to encounter stiffer competition from dollar goods. Even in the sterling area, markets for Japanese goods will be affected to the extent that Japan's readiness to accept sterling in payment will no longer favour that country's trade.

Thus, the currency convertibility move cannot be assessed by reference to the theoretical merits of a multilateral trading and payments system. These are readily admitted. However, many under-developed countries are today still pressing hard to achieve a degree of bilateral balancing in their trade with particular countries, with a view to finding markets for their exportable goods in the face of competition. The besetting problem of nearly all the countries of the region is not so much the problem of dollar discrimination as that of a shortage of over-all international means of payment including previously gained reserves. Formal convertibility does not help these countries very much.

In short, the establishment of formal, though limited, convertibility is likely to expand opportunities for development of the world economy in the direction of multilateralism, implying increased competition. The under-developed countries of the ECAFE region, however, may not be in a position to grasp these opportunities for their own benefit, as long as the real imbalances exist.

¹ The degree of discrimination against the dollar currently practised in the United Kingdom is roughly equalled by that prevailing in several other sterling area countries; Ceylon and Pakistan, however, have done away with it altogether.

In the final analysis, the larger hopes of the primary producing countries of the ECAFE region are directed to the recovery and the increased trade-absorbing capacity of Western Europe. Herein lies the significance of the renewed interest on the part of the countries of the region in the possible implications of the European Common Market and the associated proposal of a European Free Trade Area. In fact, these developments in the trade field are no doubt much more important for the trade prospects of the region than are the recent steps towards currency convertibility, and the question arises whether the new developments in the European trade system might more than cancel the reductions in discrimination resulting from the convertibility move.

MAINLAND CHINA

Available data indicate a rise in the total combined value of imports and exports of mainland China from 10,129 million yuan in 1957¹ to an estimated sum of 11,547 million yuan in 1958,² or by 14 per cent. The target ratio of exports to imports in 1957 was officially given as 52:48,³ and the actual ratio in 1958 seems likely to have been higher—possibly about 54:46—in view of the spectacular rise reported in production. Applying these ratios (target for 1957, assumed for 1958) to the officially estimated combined values, exports appear as 5,267 million yuan in 1957 and 6,235 million yuan in 1958, as against corresponding imports of 4,862 and 5,312 million yuan, the export surplus thus rising from 605 million yuan in 1957 to 923 million yuan in 1958.

The growing export surplus in recent years is also reflected in the changing proportion of exports and imports in national income. The ratio of exports to national income appears to have risen fairly steadily from 4.5 per cent in 1952, the year prior to the first five-year plan, to 6.3 per cent in 1956, while the ratio of imports to national income, although it varied from 6.1 per cent in 1952 to as much as 7.7 per cent in 1955, came down to 6 per cent in 1956.⁴

Among the non-trade items in mainland China's balance of payments, the most important relate to outlays incurred in connexion with external aid and the servicing of Soviet loans. For 1957, government account figures for external aid and Soviet loan

servicing were given together under a single total of 1,293 million yuan;⁵ however, if the 1957 budget estimate of 508 million yuan for external aid is deducted from this total, Soviet loan servicing may be estimated at approximately 785 million yuan. For 1958, the budget estimate provided 454 million yuan for external aid and 1,031 million yuan for Soviet loan service.⁶

The payments deficits arising from the excess of expenditures on external aid and Soviet loan service over receipts from the export surplus are probably covered for the most part by overseas Chinese remittances, which appeared to have declined in 1958. An approximate balance sheet for 1957 and 1958 has been constructed below:

Mainland China: Estimated balance of payments, 1957 and 1958
(million yuan)

	1957	1958
Receipts		
Export surplus	605	923
Overseas Chinese remittances, and other items	688	562
Payments		
Export surplus	-508	-454
Soviet loan service	-785	-1,031

During the first five-year plan period, official reports show 75 per cent of total trade to have been with People's Democracies, 16 per cent with Asian-African countries, and 9 per cent with "Western" countries. Taking 1952 as 100, the value of trade in 1957 is reported to have risen to 147 with the first group, to 130 with the second group and to 600 with the third.⁷

More than half of mainland China's trade has been with the Soviet Union throughout this period. This trade is reported to have risen in 1958 by 18 per cent, imports increasing by 12 per cent to 2,437 million roubles and exports by 23 per cent to 3,632 million roubles.⁸ The gradual conversion of a trade deficit of 419 million roubles with the Soviet Union

¹ Li Hsien-Nien, "Implementation of the state budget for 1957 and the draft state budget for 1958", in NCNA, Peking, 12 February 1958.

² According to a Tass agency report transmitted from London on 7 February 1959 and published in the Amsterdam edition of the *New York Times* two days later, an agreement was signed providing for Soviet deliveries of machinery and equipment to a value of 5 billion roubles (or \$1.25 billion at the official rate of exchange) for expanding mainland China's industrial facilities over the next nine years through the construction of 78 heavy industry installations, including steel, chemical, coal and oil enterprises and electric power stations. This was said to add 31 enterprises to the number agreed on in August 1958. Mainland China undertook to pay for the equipment and technical aid under this loan by deliveries of goods.

³ *Peking Review*, 17 June 1958, p.13.

⁴ NCNA, Peking, 6 November 1958.

⁵ *Peking Review*, 17 June 1958, p.13.

⁶ NCNA, Peking, 4 December 1958.

⁷ *Economic Survey of Asia and the Far East*, 1957, p.103.

⁸ Based on national income at 1952 prices from *Peking Review*, 8 April 1958, and total value of exports and imports deflated by the wholesale price index (*Economic Survey of Asia and the Far East*, 1957, pp.103, 105).

in 1955 to surpluses of 125 million roubles in 1956, 777 million roubles in 1957 and 1,195 million roubles in 1958 evidently reflects the efforts made by mainland China to pay for the cost of servicing the earlier loans from the Soviet Union. If a rate of exchange of about 1:1 may be assumed between rouble and yuan,¹ the estimated trade surplus was adequate to cover the budgeted cost of loan service (1,031 million yuan, as noted above).

Table 10. Mainland China: Composition of Imports from and Exports to the Soviet Union, 1955-57

	Amount (million roubles)			Percentage distribution		
	1955	1956	1957	1955	1956	1957
<i>Imports</i>						
Machinery and equipment	863	1,167	1,017	29.0	39.8	46.7
Metals and products	282	271	121	9.4	9.2	5.6
Petroleum products	176	342	361	5.9	11.7	16.6
Paper	29	23	12	1.0	0.8	0.6
Other	1,643	1,129	665	54.7	38.5	30.5
TOTAL	2,993	2,932	2,176	100.0	100.0	100.0
<i>Exports</i>						
Food and agricultural materials	1,302	1,511	1,282	50.6	49.4	43.4
Metal ores and concentrates	249	302	360	9.7	9.9	12.2
Manufactured goods	773	930	938	30.0	30.4	31.8
Other	250	314	373	9.7	10.2	12.6
TOTAL	2,574	3,057	2,953	100.0	100.0	100.0
Trade surplus or deficit (-)	—419	125	777			

Source: Soviet trade data compiled by the Economist Intelligence Unit Ltd., London, in *Three-monthly Economic Review* No.24, November 1958 on "China, Hong Kong, North Korea", table 9.

An analysis made from available Soviet data of the composition of the trade between the two countries during 1955-1957 throws light on the implementation of mainland China's first five-year plan. The combined share of machinery and equipment and petroleum products in mainland China's imports rose from

¹ Available data on mainland China's foreign trade illustrate the difficulties of working with the official statistics. The rate was officially fixed in 1951 at 1 yuan (10,000 old yuan prior to currency conversion on 1 March 1955) to 2 roubles. However, since 1952 the total value of Soviet Union-mainland China trade expressed in yuan, as computed from data for mainland China's total trade (*Economic Survey of Asia and the Far East*, 1957, p.103) and the percentage share of the Soviet Union in this total (1950-1953 data from *Vneshnayaya Torgovlya* (Foreign Trade), No.5, Moscow, May 1956; 1956 data from *ibid.*, No.4, Moscow, April 1957), has rather closely approximated its value expressed in roubles, as reported by the *Soviet Foreign Trade Monthly*, October 1957. For example, in 1956 this trade apparently amounted to 5.84 billion yuan or 5.99 billion roubles.

34.9 to 63.3 per cent. The share of food and agricultural products in mainland China's exports declined from 50.6 per cent to 43.4 per cent, while the share of metal ores and concentrates rose from 9.7 to 12.2 per cent and that of manufactured goods from 30 per cent to 31.8 per cent. This increase in exports of manufactured goods, however, reflects only the growing tempo of production in mainland China's textile industry (mainly wool and cotton), whose exports to the Soviet Union rose from 235 million roubles in 1955 to 532 million roubles in 1951; the importance of other manufactured goods in this trade declined concurrently.²

Mainland China's trade with countries other than the Soviet Union and other People's Democracies was about as large in the first half of 1958 as a year earlier. Because of declining exports (from \$305 million to \$291 million) and rising imports (from \$255 million to \$260 million) the trade surplus with these countries was reduced from \$50 million to \$31 million in this period.³ Hong Kong, the largest trading partner in this group, increased its imports from mainland China from 179 million in the first eleven months of 1957 to \$216 million in the corresponding period of 1958, while its exports rose only slightly from \$20 million to \$25.7 million. Available statistics also show that mainland China's imports from Japan, Federation of Malaya and Singapore, Belgium-Luxembourg, the Federal Republic of Germany, the Netherlands and the United Kingdom rose (comparing the first half of 1958 with the first half of 1957), following the relaxation of the controls of the China Committee (Chincom) over the export of strategic goods to mainland China. Imports from other countries fell, however.

² Mainland China's export of manufactured goods to the Soviet Union, 1955/1957 (million roubles).

	1955	1956	1957
Edible vegetable	118	103	53
Textile and clothing			
Woolen textiles	81	142	199
Other textiles	93	121	146
Clothing and household linen . .	61	114	187
Metals			
Iron and steel	105	109	27
Tin	192	130	182
Other	33	72	.25
Total	773	930	938
% in total export	30.0	30.4	31.8

Source: Three-Monthly Economic Review, No. 24, *op.cit.*

³ United Nations, *Monthly Bulletin of Statistics*, December 1958, pp.viii-xi. As the year progress, however, competition from mainland China's exports, particularly cotton textiles, increased, and several countries of the region responded by adopting measures of import control.

A NOTE ON THE EUROPEAN COMMON MARKET¹

THE EUROPEAN ECONOMIC COMMUNITY

The European Economic Community (hereafter referred to as the Community) was established by the Treaty of Rome, signed on 25 March 1957, and, after ratification by the governments of the Six Member States (Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands—hereafter referred to as the Six) in the autumn of that year, came into being on 1 January 1958. The establishment of the European Common Market (hereafter referred to as the Common Market) and the progressive alignment of the economic policies of the Six were expected to result in the harmonious development of their economic activities, increased stability and a rise in their levels of living. The action to be taken by the member countries to achieve these objectives would include: the removal of customs duties and of quantitative restrictions on imports and exports as between member states and on the movement of persons, services and capital; the inauguration of common agricultural and transport policies; the establishment of a system ensuring competition in the Common Market; and the establishment of a common external commercial policy. A European Investment Bank was to be established to promote the economic expansion of the Community and a European Special Fund was to be set up to increase employment and raise the standard of living. Procedures were to be established regarding steps to co-ordinate the economic policies of member states in order to remedy imbalances in their external payments.

Under the Treaty, the abolition of tariffs and quantitative trade restrictions as between member states, and the establishment of a common customs tariff applicable to third countries, are to be achieved gradually over a transitional period of twelve years which will be divided into three stages of four years each. One year after the coming into force of the Treaty, i.e. from 1 January 1959, all existing tariffs between member states are to be reduced by 10 per cent. Another 10 per cent reduction will be made

¹ This note is prepared pursuant to the recommendation of the United Nations Economic and Social Council that the examination of "the question of the effect which the implementation of agreements for the creation of regional and sub-regional economic co-operation—including the Treaty for a European Economic Community and the project for a European Free Trade Area within the United Nations—should normally take place within the framework of the annual survey by the regional economic commissions of the economic situation in their respective regions, as well as of the Secretary-General's annual survey of the world economic situation" [Report of the Economic and Social Council covering the period from 10 August 1956 to 2 August 1957: Official Records of the General Assembly, Twelfth session (document A/3613)].

after 18 months, and the third 10 per cent reduction after the next 18 months—that is to say, by 1 January 1962. During the second stage, tariff reduction will be on a similar scale, thus bringing about an over-all reduction of 60 per cent during the first eight years. In the third and last 4 years stage (which may be extended by another 3 years), the remaining tariffs between member states will be removed. Export duties on trade within the Common Market are to be abolished by the end of the first stage.

THE ASSOCIATION OF OVERSEAS TERRITORIES WITH THE COMMON MARKET

An important aspect of the European Economic Community which is of special interest to countries of the ECAFE region is the association with the Common Market of overseas territories (hereafter referred to as Associated Territories) which have special relations with some members of the Community, i.e. Belgium, France, Italy and the Netherlands.

The Treaty provides for the close association of these territories with the Common Market and for the grant of mutual preferences in trade and investment. In their trade with the Associated Territories, the member states of the Common Market will apply the same treatment as they accord to each other under the Treaty. Each Associated Territory will apply to its trade with the member of the Common Market, and with other Associated Territories, the conditions which it applies to its metropolitan state. Members of the Common Market will contribute to the investment required for the economic and social development of the Associated Territories, and, for this purpose, set up a Development Fund which for the first five years will have at its disposal \$580 million. It will be open to all the members of the Common Market to compete on an equal basis through participation in investment projects in the Associated Territories.

Goods originating from the Associated Territories will benefit by the total abolition of import duties on entry into member states of the Common Market; the abolition of customs duties, however, will be achieved progressively over a period of years. The Associated Territories will be permitted under certain conditions to impose customs duties on imports as required for their development and revenue needs. However, the existing tariff discrimination in favour of imports from the metropolitan states and against imports from other members of the Common Market will be gradually abolished. In each of the Associated Territories, the right of establishing business will be extended progressively to enterprises of member states other than the metropolitan country. Measures will

also be taken for the progressive abolition of quantitative import restrictions and for the increase of import quotas in the Associated Territories on lines essentially similar to those which will apply as between the members of the European Common Market.

THE PROPOSED EUROPEAN FREE TRADE AREA

The Treaty of Rome provides that any European state may apply for membership in the European Economic Community; so far, however, no such applications have been received. The Community may conclude with other states agreements creating an association embodying reciprocal rights and obligations. A number of European countries which, for various reasons, have not found it possible to become members of the European Economic Community have tried to protect their trade against the possible adverse effects arising out of the tariff and quota differentiation which the Community would bring with it by proposing an association in the form of a free-trade area. In principle, the association would be extended to the metropolitan territories of all countries who are members of the Organization for European Economic Co-operation (OEEC), including the Six Member States of the Community.

The European free-trade area would allow the member countries to retain complete freedom of action in respect of their tariffs and commercial policy vis-à-vis the non-member states; this is in contrast to the Community which, by assuming the form of a customs union, will have a common tariff applied to all outside countries. Moreover, the free-trade area as contemplated is more or less limited to trade, while the Treaty setting up the Community aims at a complete economic union implying harmonization of social, fiscal and currency policies.

Discussions have been going on in a Ministerial Committee of the OEEC regarding the terms of the association. So far it would seem that the Committee has not been successful in securing agreement between the differing points of view.

THE TRANSITIONAL STEPS TAKEN TO IMPLEMENT THE ROME TREATY

These transitional steps taken to implement the Rome Treaty have been summarized in a note by the GATT secretariat for the ECAFE Committee on Trade (second session) which met in Bangkok from 23 January to 2 February 1959. As described in the GATT paper entitled "The Application of the Rome Treaty establishing the European Economic Community" (ECAFE/TRADE 35, 8 December 1958), the principal organs of the Community are:

The Assembly, composed of 142 delegates from the parliaments of the member states. This body, as a rule, takes decisions by an absolute majority of the votes cast. It exercises control over the functions of the Community and may overrule decisions by the Commission, which then has to resign.

The Council ensures the co-ordination of the general economic policies of the member states and has a power of decision. The Council may, *inter alia*, request the Commission to undertake any studies which the Council finds desirable and to submit to it any appropriate proposals.

The Commission, which is the permanent executive organ of the Community, ensures the application of the provisions of the Treaty; it formulates recommendations in matters coming within the scope of the Treaty. Under the conditions laid down in the Treaty, it has power of decision of its own, and it exercises the jurisdiction conferred on it by the Council for the implementation of the rules laid down by the latter. The Commission, headed by its President, is divided into nine technical sectors: external relations, trade and finance, the internal market, competition, social policy, agriculture, transport, overseas territories and administration. Each of these sectors has at its head a group of three to four members of the Commission, of whom one is responsible for the functioning of the sector.

The Court of Justice decides, *inter alia*, on the interpretation of the Treaty, rules on disputes between member states, and reviews the legality of decisions taken by the Commission or the Council. In addition, there are a number of consultative or operational bodies, among which are the Economic and Social Committee, the Monetary Committee, the Transport Committee, the European Investment Bank and the Development Fund.

The GATT paper also gives a brief account of the steps taken by the Community, since its inception, to implement the Treaty. These concern commercial policy, agricultural policy and harmonization of internal economic policies.

(i) Commercial Policy

Although the Treaty contains provisions enabling the member states to reduce duties in the trade between them more rapidly than foreseen in the Mandatory Schedule, no such measures were taken in 1958. The first reduction, as provided for in the Treaty, took place on 1 January 1959, when the *internal customs duties* between member states were lowered by 10 per

cent from their level on 1 January 1957. While later reduction will give some room for selection, the first step towards the final abolition of internal duties extends automatically to all items. The total reduction on each item, after the first four-year period, will have to be at least 25 per cent of the basic duty, and 50 per cent after the second four-year period. Reductions subsequent to the first one are to be effected by successive 10 per cent steps in the total customs receipt in each member state on imports coming from other member states in 1958. The first four-year period (1 January 1958—1 January 1962) may be extended by up to two years. The timing of the reduction, both on each item and on the total level during the third and last four-year period, is yet to be determined. All duties on intra-Community trade will have to be eliminated by 1 January 1970, or at the latest by 31 December 1972 (the transitional period may not be extended beyond this date). The reduction of internal duties is also to apply to revenue duties, but these are not to be taken into account in calculating either the customs receipts or the reduction in total duties. Export duties between member states will have to be abolished before the end of the first stage.

The lowering of internal duties in January 1959 will be accompanied by the *conversion of all bilateral import quotas among member states into global quotas*. Moreover, the quotas will have to be increased by 20 per cent as compared with the level in 1958, and each individual quota by at least 10 per cent. Similar quota increases are to occur in each of the following four years. Each quota, on 1 January 1959, will be at least 3 per cent of the country's production of the respective commodity. These minima are to be successively raised each year and will, after the end of the second stage, equal at least 20 per cent of domestic production. All quotas will have to be abolished at the end of the transitional period.

The first operative step towards the establishment of the *common external tariff* will be taken only at the end of the first four-year period (though member states are free to align their duties to the common tariff more rapidly). The Commission has been actively engaged in working out the common tariff. This tariff is not yet known in its entirety, but a representative of the Community stated, in the GATT Intersessional Committee in April 1958, that every effort would be made to communicate the tariff to the Contracting Parties¹ by July 1959. Such information is regarded as indispensable for the preparatory work in a new round of tariff negotiations which the GATT intends to organize in the near future. The duties

in the common tariff will as a rule be the arithmetic average of the four tariffs (Benelux, France, the Federal Republic of Germany, Italy) as actually applied on 1 January 1957. In certain cases, commodities are placed on separate lists indicating the upper limit of the common duties. For instance, raw materials and certain processed goods will have maximum duties of 3 and 10 per cent respectively (Lists B and C annexed to the Treaty). Certain chemicals have a maximum of 15 per cent (List D) and others of 25 per cent (List E). The maxima mentioned are in a number of cases below the present arithmetic averages. Other duties (List F) have been fixed by agreement between the Six at a specified rate, and still further items (List G) are under negotiation between member states. This list cannot be regarded as exhaustive, since each member state may add further products to the List up to the limit of 2 per cent of the total value of its imports coming from third countries in 1956.

The adjustment of national tariffs to the common external tariff will, broadly speaking, be effected by reducing by 30 per cent the difference between the rates in the national tariff and those of the common tariff at the end of both the first and the second stages, the remaining 40 per cent difference being eliminated before the expiry of the transitional period. If, however, the national rate differs by only 15 per cent in either direction from the rate in the common tariff, the latter shall already be applied at the end of the first four-year period.

(ii) Agricultural Policy

The commercial policy measures mentioned above extend also to agriculture and to trade in agricultural products; but a number of such products listed in Annex II are governed by articles 38-46 of the Treaty, which provide for a common agricultural policy. It may be noted that many of these products also figure on Lists F and G, i.e. that customs duties on these items are either fixed at rates independent of the national tariffs and, in some cases, higher than the present arithmetic average, or are subject to further negotiations between the Six. It should also be observed that Annex II mentions a number of items, among which some tropical foodstuffs and beverages, which are not produced in the metropolitan territories of the member states, but of which the Associated Overseas Territories are important producers and exporters. This implies that measures taken under the agricultural provisions of the Treaty may also be applied to such products.

The common agricultural policy will be gradually developed during the transitional period. As provided by the Treaty, the Commission has convened a con-

¹ The term, Contracting Parties, is used herein to refer to the Organization in its collective sense.

ference of the member states with a view to comparing their agricultural policies by drawing up, in particular, a statement of their resources and needs. This conference, held at Stresa in July 1958, was attended by the Ministers of Agriculture of the member states; the associations of producers, workers and representatives of food industries and of commerce in agricultural products in the six countries were invited as observers. The resolution of that conference indicated general agreement on the following points:

1. Agriculture must be regarded as an integral part of the economy and as an essential factor in social life.
2. The implementation of the Treaty must naturally lead to a progressive development of trade within the Community; account will have to be taken at the same time of the necessity of maintaining commercial exchanges and contractual relations, both of a political and economic nature, with third countries, and of maintaining the possibility of protection against unfair competition from outside.
3. A close correlation will have to be established between the policy of structural adjustments and the market policy; structural adjustments must contribute to a better approximation of costs and a rational orientation of production; the market policy should be conducted in such a way as to stimulate increases in productivity.
4. An attempt must be made to reach an equilibrium between production and trade outlets taking into account possible exports and imports, on the basis of a specialization which will conform to the economic structure and to the natural conditions obtaining with the Community.
5. Such attempts to increase productivity should enable the application of a price policy which would avoid over-production and would bring about or improve competitiveness. Simultaneously, a policy of assistance to less-favoured areas or undertakings would make it possible to proceed with the necessary reconversion operations.
6. The elimination of subsidies contrary to the spirit of the Treaty must be regarded as essential.
7. Increases in production and demand in the associated countries and territories should be taken into account in framing the common agricultural policy.
8. Structural improvements in agriculture must bring to capital and labour in European agricul-

ture remunerations comparable to those which would accrue to them in other sectors of the economy.

9. Given the importance of family holdings in European agriculture and of the unanimous desire to safeguard this structure, it would be necessary that everything should be done in order to increase the economic and competitive abilities of family undertakings.

(iii) *Arrangements concerning the Internal Economic Policy*

The Community, towards the close of 1958, undertook several investigations concerning its internal economic policy. Among these may be mentioned the working out of common rules of competition, taking into account the existing differences in national legislation. Further, the Economic and Finance Department published the first in a series of periodic reports on economic trends in the European Economic Community countries. In the field of social policy, a report on social conditions in the Community was published and a study of the employment situation was under preparation. The Investment Fund for overseas territories was to make its first grants at the end of 1958. The European Investment Bank, the funds of which will be used to finance development projects in under-developed regions of the member states, was currently organizing its activity.

REVIEWS OF THE RELATIONS BETWEEN THE COMMUNITY AND THIRD COUNTRIES

The economic integration of such a large area as that of the members of the Community and the associated territories in the Common Market will eventually be of great significance to world trade, including that of the countries in the ECAFE region.

The relationship between the Community and the OEEC countries in terms of the European Free Trade Area is still under discussion. The relations of the Community with third countries have been reviewed by the Economic Commission for Europe (ECE),¹ by the Food and Agricultural Organization of the United Nations (FAO),² by the Contracting Parties to the General Agreement on Tariffs and Trade (GATT)³

¹ United Nations, *Economic Survey of Europe in 1957*, Geneva, 1958, Chapter 5.

² "Agricultural commodity and the European Common Market", FAO, Commodity Series Bulletin No.29.

³ GATT secretariat, "The application of Rome Treaty establishing the European Economic Community." Trade/35 — Document for the ECAFE Committee on Trade (2nd session); *Trends in International Trade* (A Report by a Panel of Experts), Geneva, October 1958; Report of the Working Party on the Association of Overseas Territories with the European Economic Community (L/805/Rev. 1, 17 April 1958), and Commodity Reports appended to it (L/805/Add 1 to 12).

and by the governments of countries in the ECAFE region in papers submitted by them¹ and in their deliberation at the Second Session of the ECAFE Committee on Trade which met in Bangkok between 23 January and 2 February 1959.² In view of the extremely careful wording in these papers on this controversial subject, the following summary of the views has been taken *verbatim* from these documents, particularly the summary by the ECAFE secretariat.³

THE STUDY BY ECONOMIC COMMISSION FOR EUROPE

This study contained a brief discussion of the trade diversion effects of the European Common Market, so far as imports from primary producing countries were concerned. The general conclusion was that, though trade diversion might considerably affect individual markets and exporters, these effects were unlikely to be wide-spread, and they might be mitigated by an additional rise in demand in the Common Market as a result of a more rapid over-all rate of growth there following economic integration.

Although the agreed rates were found to be higher than the arithmetic average of currently applied duties in the case of some commodities, e.g. cocoa and tobacco, the Common Tariff was in general expected to approximate to the arithmetic average of existing tariffs in the countries of the Common Market. Since existing tariffs were on the whole lower in the Benelux countries than elsewhere in the Common Market, the trade diversion effect, at least as far as imports from primary producing countries were concerned, might be less important than would have been the case had these agreed rates been established as weighted, rather than arithmetic, averages.

¹ These include the following: Effects of the European Common Market on China's major exports, by the Government of the Republic of China (TRADE/31); Possible repercussions of the European Common Market on the exports of the Federation of Malaya, by the Government of the Federation of Malaya (TRADE/29); Repercussions of the European Common Market on India's principal export products, (TRADE/41) and some of the effects which the association of Overseas Territories with the European Economic Community may have on exports from India to the Six and the Overseas Territories (TRADE/52), by the Government of India; Possible repercussions of the European Common Market on some Indonesian commodities, by the Government of Indonesia; Possible repercussions of the European Common Market on the exports of Japan, by the Government of Japan (TRADE/30); Repercussions of the European Common Market on the exports of the Republic of Korea, by the Government of the Republic of Korea (TRADE/38); Repercussions of the European Common Market and Vietnamese exports, by the Government of the Republic of Viet-Nam. (TRADE/36).

² Summary record of the second session of the Committee on Trade, 28 January 1959 (TRADE/SR.12) and Report of the Committee on Trade (second session) to the Commission (Fifteenth session). (TRADE/51).

³ "The European Common Market and the proposed European Free Trade Area" (E/CN.11/TRADE/L.20).

THE OBSERVATIONS OF THE GATT PANEL OF EXPERTS

The Panel of Experts appointed by the Contracting Parties to the General Agreement on Tariffs and Trade to inquire into the trends in international trade, in their references to the European Economic Community, observed:⁴

- (a) In so far as the European Economic Community leads to higher productivity and real incomes in Europe, it will tend to increase the European demand for raw materials and foodstuffs. There will also be some diversion of trade away from outside sources to the European sources. These dangers of trade diversion will be the less,
 - (i) the greater the number of countries covered by the common market;
 - (ii) the lower is the common tariff on goods imported from outside, and
 - (iii) the greater the range of commodities (agricultural as well as industrial) opened to free trade within Europe.
- (b) The agricultural arrangements in EEC will be of special importance for the prospects of outside producers of primary products. The Treaty of Rome itself does not lay down in detail how the agricultural marketing arrangements and the long-term contracts of the EEC will be applied; but it is important that they should not be so applied as to reduce the European demand for imported agricultural products.
- (c) The association of the Overseas Territories with the EEC gives rise to the danger that the European demand for tropical foodstuffs and beverages from outside sources will be reduced.
- (d) Other regional trading arrangements must be judged on the same principles as the EEC; and it is of special importance, therefore, that the EEC should operate in a 'trade-creating' and not a 'trade-diverting' manner."

THE REVIEW BY THE CONTRACTING PARTIES TO GATT

Article XXIV of GATT stipulates *inter alia* that countries desiring to enter into a customs union shall notify the Contracting Parties, and shall further make available such information as these may deem appropriate. In conformity with this article, the member states submitted the Rome Treaty to the Contracting Parties on 17 April 1957. In order to obtain a clearer idea of the implications of the Treaty, the Contracting Parties addressed to the Community a list

⁴ Information Service of the European Office of the United Nations, Geneva, Press Release GATT/394 of 8 October 1958.

of questions to which the Community's authorities replied by the end of July 1957. Moreover, the Community communicated to the Contracting Parties a specimen common tariff covering about 60 per cent of the trade between the Community and third countries.

At the twelfth session of the GATT, in October-November 1957, the Contracting Parties examined the Rome Treaty. A Committee comprising all GATT members was appointed to study in the light of the provisions of the Agreement, the relevant parts of the EEC Treaty, and the problems likely to arise in its practical application. Such examination was to include *inter alia* the arrangements in the Treaty with respect to tariffs, the use of quantitative import restriction, the trade in agricultural products and the association of overseas countries and territories. The Committee was also asked to recommend appropriate and desirable action, including the determination of the means for establishing co-operation between the Contracting Parties and the EEC.

The Committee appointed four sub-groups to examine the aforementioned questions. The four reports adopted on 29 November 1957 (document L/778) did not contain any definite conclusions, either because the time available was too short, or because the information was inadequate for that purpose. The Contracting Parties instructed the Intersessional Committee, which exceptionally would include all contracting parties, to carry out a further examination. Because of the particular importance of the question of the association of overseas territories with the EEC it was decided to appoint a working party which would immediately start studying the problem which such association might create for the trade of other contracting parties.

At its meeting in April 1958, the Intersessional Committee again reviewed the whole field, and considered the report by the Working Party on the Association of Overseas Territories. As regards the last-mentioned question, most members of the Committee recognized its importance for contracting parties in the process of economic development, and considered that, where problems were known to exist, realistic solutions should be sought within a multilateral framework, and that any arrangements reached should be consistent with the GATT rule of non-discrimination. The object of any such arrangements should be to prevent any significant diminution of the present export trade of third countries to the Six as a result of the association of overseas territories. They should also provide a reasonable opportunity for third countries to share in any increased demand resulting from the establishment of the Common Market.

In the light of statements made both by members of the Committee and of representatives of the EEC, the Intersessional Committee took the view that it would be more fruitful if, for the time being, attention could be directed to specific and practical problems, leaving aside questions of law and discussions about the compatibility of the Rome Treaty with article XXIV of the General Agreement. The Committee noted that the normal procedure of the Agreement, and the techniques and traditions of the Contracting Parties in applying them, were well adapted to the handling of such problems, and suggested that in the first instance the procedures of article XXII would be most appropriate for this purpose.

Accordingly, the Committee recommended a series of procedural arrangements to facilitate the conduct of such consultations. Under these procedures, which were later accepted by the Council and the Commission of the Community, consultations have been requested regarding the effect of the association of overseas territories on the trade of other producers and exporters of cocoa, coffee, tea, bananas, sugar and unmanufactured tobacco. In accepting these procedures, the Community emphasized that it was not prepared to submit to special procedures but only to those envisaged in the General Agreement.

Consultations were initiated in Geneva, during the thirteenth session (October-November 1958), concerning the six products listed above. These consultations were of a multilateral character, in the sense that all countries having a substantial trade interest in the product in question joined in the consultation with the Six. These consultations were not concluded at the end of the thirteenth session of the Contracting Parties to the GATT, and it was too early to say whether this procedure would satisfy the requirements of the exporting countries.

At the thirteenth session, the Contracting Parties decided to continue the arrangements adopted by their Intersessional Committee, and recognized that the procedures for consultation did not apply only to problems relating to the association of overseas territories but also to any problem arising out of the Rome Treaty.

In the course of the meetings at Ministerial level in the beginning of the thirteenth session, the Contracting Parties heard statements by Members of the Commission of the EEC. Mr. Ray, Member of the Commission in charge of external relations, gave definite assurances that the Community would pursue a policy of co-operation with GATT Members and would in the framing of its economic policy take into account the interests of third countries. Mr. Mansholt, Member of the Commission in charge of

agricultural policy, outlined the principles underlying the agricultural policy of the Community, and expressed the willingness of the Community to participate in a general confrontation of agricultural policies.

The Contracting Parties agreed that, in view of the nature of the Rome Treaty, it was not possible, nor even desirable, to come to definite conclusions concerning this regional arrangement in its relation to the provisions of GATT, and decided to rely on the normal procedures of the GATT for conciliation and settlement of differences. The Community has confirmed its readiness to furnish information and to observe the normal GATT procedures.

Of special importance to ECAFE countries, in the above-mentioned reviews undertaken through the GATT machinery, is the discussion relating to the commodities of importance in the export trade of the countries of the ECAFE region in the review by the GATT Working Party on the Association of Overseas Territories. The tenor of the discussion was:

Coffee

The representatives of producing countries other than the Six considered that the artificial stimulus given by the Common Tariff of 16 per cent to production in the Associated Territories would have very serious consequences on the trade and economies of producing third countries. In the short run, the diversion of trade would be particularly serious in the case of robusta coffee, since production in the Associated Territories would be sufficient completely to displace similar exports from third countries. In the long run, third countries would be reduced to the position of residual suppliers, their market for arabica coffee in the Community being substantially reduced by the considerable switch to the robusta coffee of the Associated Territories that the preferential margin induced, as well as by the increased production of arabica coffee in these territories. Third countries would also be affected by the depression of world prices that resulted from the artificially stimulated production of the Associated Territories, and the adverse affects of the higher duties on demand in the Community. The use of the agricultural provisions of the Rome Treaty or those relating to quantitative restrictions intensified these adverse effects.

In 1956, exporters of coffee from the ECAFE region were the Federation of Malaya, India, Indonesia and Singapore. Indonesia, the major supplier, exported 24,916 tons to the Community, which represented 43 per cent of its total exports of this commodity to the world as a whole.

The representatives of the Six contended that, in the short run, the tariff advantage was too small

to cause any serious diversion of the Associated Territories' exports of coffee from third markets to the markets of the Community. The possibilities of increasing production in the Associated Territories in the long-term were restricted, and were largely confined to robusta coffee since climatic and other factors militated against production of arabica coffee except in certain limited areas. Any shift in demand away from arabica coffee seemed most unlikely, and there was reason to believe that, with increasing prosperity in the Community, *per capita* consumption of coffee, which was below United States levels, would increase considerably.

Tea

The representatives of producing countries other than the Six stated that the Common Tariff of 35 per cent was much higher than the weighted average of the individual tariffs, and the rate that would have been arrived at had allowance been made for the fiscal element of the individual tariffs. This disadvantage was aggravated by the relatively low Common Tariff of 16 per cent fixed for coffee. Robusta coffee produced in the Associated Territories offered a more immediate threat to exports of tea from third countries than tea from Belgian Congo, the only producer of importance in those territories.

Of the countries of the ECAFE region, the markets of the Community were of special importance to Indonesia, 44 per cent of whose total exports of tea went to those markets during 1956. Other principal exporters to the Community were India and Ceylon.

The representatives of the Six pointed out that the 35 per cent duty was considerably lower than the average of the individual legal tariffs, that possibilities of additional production in the Belgian Congo were very limited, and that taste was a more important factor in consumption than was price. For these and other reasons, the effects of these arrangements on the production and consumption of tea and on patterns of trade were negligible, not to say non-existent.

Sugar

The Working Party concluded that the association of Overseas Territories with the Community did not at present raise any serious problem for sugar producers in third countries. Madagascar and Belgian Congo were the only producers of sugar in the Associated Territories. The former's exports were insignificant, and the latter was a net importer, and was likely to remain so for some time. The representatives of producing countries other than the Six argued, however, that the real problem lay in the

sugar production of the French Overseas Departments; but this problem was outside the terms of reference of the Working Party.

The main exporters of sugar of the ECAFE region were Indonesia, China (Taiwan) and the Philippines, but none of them was a major exporter to the Community. In 1956, imports from Indonesia into the Community amounted to 6,500 tons, or 0.7 per cent of total imports by the Community.

Tobacco

The representatives of producing countries other than the Six stated that the Common Tariff of 30 per cent provided an artificial stimulus to production within the Common Market as well as in the Associated Territories. In the long term, cigar-leaf tobacco exports of third countries would be irrevocably damaged, since only a small acreage was needed to displace the Community's present imports of 30,000 tons from those countries. Third countries' exports of other types of tobacco, including cigarette tobacco, were less seriously affected, but the depressing influence on world prices was serious.

Countries of the ECAFE region which were particularly affected were Indonesia and India. Ninety-seven per cent of the former's exports of this commodity went to the markets of the Community during 1956.

The representatives of the Six pointed out that, despite the fact that the tobacco trade was protected by monopolies in certain countries, e.g. France, tobacco production in the Associated Territories had remained static during the last twenty years. The gap between the present and prospective requirements of the Community and production possibilities in those territories was so great that the trade of third countries was not seriously affected.

Oilseed and vegetable oils

The Working Party examined only the following oilseeds and vegetable oils, which were of the greatest importance in the export trade of the Associated Territories: (i) groundnuts and groundnut oil, (ii) copra and coconut oil, (iii) palm kernels and palm kernel oil, and (iv) palm oil. The Common Tariff on oilseeds was zero, but the Common Tariff on vegetable oils was still to be fixed.

Representatives of the producing countries other than the Six argued that, on the assumption that the Common Tariff on vegetable oils would be higher than zero and that the agricultural provisions of the Rome Treaty would be applied to oilseeds as well as vegetable oils, substantial protection would continue

to be accorded to producers of oilseeds and vegetable oils in both the Associated Territories and the countries of the Community. The effect would be to provide guaranteed markets in the Community at premium prices for the entire output of these producers, to stimulate an artificial expansion of these products in the countries of the Community as well as in the Associated Territories, to increase the profitability of the oilseeds crushing industry in the Community to the detriment of exports of oil from third countries, and to reduce the demand for these products in the Community through the higher prices established as a result of these preferential arrangements. The trade of third countries would first be affected in the case of palm kernel oil, groundnut oil and palm oil, since production in the Associated Territories and in the Community would be concentrated on these oils. However, as this production began to exceed the Community's requirements, these oils would tend to be substituted for imports of coconut oil and other vegetable oils.

Countries of the ECAFE region affected by these adverse factors include the following:

Groundnuts: Thailand, India

Groundnut oil: India

Copra: The Philippines, Indonesia, Federation of Malaya, Ceylon, British North Borneo

Coconut oil: Federation of Malaya, Ceylon, the Philippines

Palm kernels: Indonesia, Federation of Malaya

Palm kernel oil: Federation of Malaya, Indonesia

Palm oil: Indonesia, Federation of Malaya

The representatives of the Six emphasized the fact that the provisions of the Rome Treaty were to be implemented very gradually. The short-term effects on the trade of third countries would therefore be almost nil. It was impossible to determine exactly what the long-term repercussions would be, because fats and oils were a very complex group of products, the market for each fat and oil affecting the market for the others. Prices in the Community of the products of vegetable oils would tend to fall as a result of the duty-free admission of these oils from the Associated Territories and the elimination of all import duties on oil seeds. The *per capita* consumption of fats and oils in the Community was still far below that of the United States, and the Community's present deficit of these products might well increase with the expected rise in the standard of living in the Community. Consumption in the producing areas of Africa would also increase. The determining factor there was the exportable surplus rather than the amount of total production.

Cotton

The representatives of producing countries other than the Six recognized that, since the Common Tariff for cotton was fixed at zero, it could have no effect on prices, consumption and production in the Community and the Associated Territories. Similarly, it would have little effect on the trade of third countries, provided no special arrangements were made within the Community in favour of the Associated Territories, either by way of imposition of discriminatory import restrictions or the application to cotton of the agricultural provisions of the Rome Treaty. These representatives pointed out, however, the possibility of a substantial growth of textile production in the Associated Territories which could injure the existing trade of exporters to the Community, but considered that this question required a separate detailed examination.

Jute and Hard Fibres

The representatives of producing countries other than the Six considered that, since the Common Tariff on these fibres was zero, trade of third countries would not be affected unless, of course, that tariff was varied, discrimination in the form of import restrictions or otherwise was exercised in favour of the Associated Territories, or these fibres were brought within the purview of the agricultural provisions of the Rome Treaty. The appreciable Common Tariff on manufactured products, however, posed a threat of diversion of trade, but this question required further investigation.

The representatives of the Six contended that neither in the short nor in the long range would the trade of third countries be appreciably affected, because the only fibres worthy of mention that were produced in the Associated Territories were sisal and urena lobata, and these in negligible quantities.

THE FAO STUDY

The Food and Agriculture Organization paper dealt with the impact of the European Common Market on twelve agricultural products, of which the commodities of importance in the export trade of countries of the ECAFE region were:

Fats and Oils

Except in the very long term, the Common Market would not materially change the Community's dependence on outside sources for the bulk of its fats and oils, since no substantial increase in production either in the Associated Territories or in the countries of the Community appeared to be likely. It was improbable that the present rate of growth of output

could be accelerated in the Associated Territories, at least in the near future. During 1950-1956, production in French West Africa and the Belgian Congo increased by an estimated 130,000 tons (oil equivalent), but, with rising domestic consumption, exports rose by only 90,000 tons. A further impediment was the declining yield of groundnuts in French West Africa. If the Common Tariff on oils were fixed at present average levels, oilseed crushing and oilseed imports might be encouraged in the Community at the expense of exports of oil from third countries. The Rome Treaty might also be expected to stimulate investment in oilseed production in French West Africa and the Belgian Congo.

Coffee

Outside producers of high quality arabica coffee, e.g., Latin American producers, would not suffer from the establishment of the Common Market. These coffees could be produced in the Associated Territories only in very limited areas, present annual production amounting to only 30,000-35,000 tons as against the Community's import requirements of about 250,000 tons. It was unlikely that this gap would narrow substantially in the next ten or fifteen years. However, the substitution of the Common Market's imports of robusta coffee from outside sources by supplies from the Associated Territories was well within the reach of possibility. Producers principally affected were Uganda, Indonesia, and Angola. In recent years, the Associated Territories exported a part of their sharply increasing production of robusta coffee to the United States, and it was doubtful whether they would abandon their foothold in that market and divert those supplies to destinations in the Common Market.

Cotton

Since the Common Tariff on cotton was fixed at zero, there was at present no question of the trade of third countries in this commodity being affected in any discriminatory manner. The present study was largely devoted to a discussion of the possible effects of the establishment of the Common Market on future consumption of cotton in the countries of the Common Market and in the Associated Territories.

Jute and Hard Fibres

As in the case of cotton, the Common Tariff on jute and hard fibres was zero. There was therefore no question at present of discrimination against third countries. The present study made the suggestion that, since Pakistani jute, Philippine abaca and sisal from many sources were freely available, the incentive to increased investment in the production of these fibres in the countries of the Common Market and

their Associated Territories might well prove inadequate. It also drew attention to the possibility that the elimination of the quite high internal duties on jute manufactures in the Common Market might lead to those manufactures being more competitively priced in the future.

Tobacco

The Common Tariff of 30 per cent was higher than the arithmetic average of existing individual tariffs. The substitution of a flat *ad valorem* tariff on all types and grades of tobacco in place of the existing specific duties produced a sharp change in the incidence of duty; the best quality leaf was most affected. The high Common Tariff would stimulate production and export of tobacco in Italy, France and the latter's overseas territories; and demand in the Federal Republic of Germany for domestically grown tobacco would also be stimulated. Nevertheless, the bulk of tobacco import into the Federal Republic of Germany and Benelux would continue to come from third countries. Indonesia was among the principal cigar-leaf producing countries whose exports would be affected.

VIEW OF MEMBER COUNTRIES IN THE ECAFE REGION

The Governments of Afghanistan, Brunei, Burma, Cambodia, Ceylon, Hong Kong, Nepal, North Borneo, Pakistan, the Philippines, Singapore and Thailand among the ECAFE member countries did not submit papers to the secretariat outlining their views. The Government of Sarawak replied to the effect that it did not consider that the creation of the European Economic Community would have any serious repercussions on the trade of Sarawak. The views contained in the papers submitted by the governments of member countries were:

Republic of China

Taiwan exports would not be adversely affected by the establishment of the Common Market, except in the case of exports of chemicals, metals, ores and machinery, and vegetables. On the other hand, its exports to these countries of citronella oil, tea, canned pineapples, rice, coal, textiles, and handicraft products might well be stimulated as a result of the establishment of the Common Market.

Federation of Malaya

The formation of the European Common Market would not affect the Federation's two principal exports to the Community, namely rubber and tin, in the foreseeable future. Cocconut oil, the other major export, was also not affected currently, since the

Associated Territories were not substantial producers of that commodity. The other exports of the Federation did not command important markets in the Community.

India

The exports of India's raw materials such as iron ore and manganese should benefit from the growth of industrial activity within the Community. On the other hand, adverse repercussions were expected on exports of tea, tobacco and vegetable oils to the Six through high levels of duty, particularly for tea in relation to coffee, and through the likely application of provisions relating to a common agricultural policy. Prospects were discouraging also for India's exports of manufactured goods such as coir, cotton and jute products. With the removal of barriers to trade in these commodities within the Community, the present level of exports could not be maintained in these goods unless the duties in the Common Tariff were reduced and use of discriminatory restrictions was avoided. The association of overseas territories with the Community would react on India's exports of tea, tobacco, vegetable oils, hides and skins, mineral ores and coffee. Assurance was needed that duties on iron ore, manganese ore, raw cotton and hides and skins would not be imposed or raised (beyond 3 per cent) to give preference to the Associated Territories. A more definite assessment regarding exports to the Six awaited the announcement of the common tariff on items like vegetable oils and jute bags, policies regarding agriculture and safeguards against damage caused to the exports of third countries by the association of Overseas Territories. As regards trade with the Associated Territories themselves, India's recently expanded exports of jute products, cotton textiles and leather goods, and various consumer goods (in which it was making a beginning) such as torches, batteries, electric lamps, hardware, etc. would be adversely affected, if the products of the highly industrialized countries of Europe were to be given special tariff and quota advantages at the expense of competing products from the third countries. The future export potentials in manufactured goods resulting from India's further progress in economic development would be similarly retarded.

Indonesia

Exports to the Six, during the period 1954-1957, averaged 26 per cent of exports to all countries. The bulk of the exports to the Six went to the low tariff countries. Indonesia would be adversely affected since the adoption of the unweighted arithmetical average would lead to higher duties. The specific proposals to increase duties, if implemented, would adversely affect coffee (to be up from 0 to 16 per

cent), tea (from 10 to 35 per cent), cocoa beans (from 0 to 9 per cent) and unmanufactured tobacco (from 5 to 30 per cent), together accounting for 27 per cent of Indonesia's total exports to the Six during 1953-1957. The share of the Six in Indonesia's exports to all countries was 94 per cent for tobacco, 92 per cent for cocoa, 54 per cent for tea and 50 per cent for coffee. Rubber and tin would not incur a duty exceeding 3 per cent. For other commodities, the duties were not announced but, if the Six intended to impose duties of a discriminatory nature, Indonesian exports of, for example, palm oil, palm kernels and copra would suffer adverse effects leading to serious repercussions on the balance of payments and hence on imports and the implementation of development plans.

Increased production of mineral and agricultural commodities similar to those of Indonesia would take place in the overseas territories associated with the community as a result of artificial inducement provided if the duty-free entry in the Common Market were supported by non-tariff and common agricultural policy measures such as quantitative restrictions, price controls, stockpiling and a common machinery for stabilizing importation.

Japan

The Common Market would adversely affect Japan's exports to third countries as well as to the Community and in particular its associated territories. The products affected would include woolen, cotton and rayon fabrics, medicines, plastic products, metals and metal products, machinery and timber. The most serious repercussions would be on third markets. Here, Japan's exports would encounter more severe and intensified competition from other third countries whose trade with the Common Market might be similarly affected, as well as from the Common Market itself, whose competitive power would increase with economic integration. Exports particularly affected would include iron and steel products, machinery, rolling-stock, motor cars, chemical and synthetic fibres, cement, chemical fertilizers, medicines, rubber products and paper.

Republic of Korea

The commodities likely to be unfavourably affected were bismuth and tungsten, previously admitted duty-free. Neither substantial decrease in Korean exports of raw materials nor unfavourable competition from Associated Territories was expected, however, except for tungsten from Belgian Congo. Brass products and copper wire would be favourably affected.

Laos

Both present and future trade was likely to be only very slightly affected by the establishment of the Common Market. The main exports of Laos to the Community were raw materials, which were admitted either free of duty or at very low rates of duty. Certain products which received preferential duty-free treatment in the French market would continue to receive such treatment under the Rome Treaty.

Republic of Viet-Nam

Rubber and rice accounted for about 85 per cent of total exports by value during 1957, the share of rubber being 60 per cent. Other exports included coffee, tea, spices, products of metal, and timber. In recent years, about two-thirds by value of southern Viet-Nam's total exports went to countries of the Common Market; the share of France (including its overseas territories) of exports to these countries accounted for as much as 95 per cent. In the short-term, its exports to the Common Market would not be adversely affected. It would be difficult to assess the long-term effects, but the principal danger to its exports would arise from increased production in the African dependent territories. That, however, was a long-term process, and the transitional period provided an interval during which southern Viet-Nam could adjust itself to the changing situation.

CONSIDERATION BY THE ECAFE COMMITTEE ON TRADE (SECOND SESSION)

The debate in the ECAFE Committee on Trade also revealed the differences in the approach taken by the Community members and by the countries of the region. The representatives of the member states of the community who are also members of ECAFE (France and the Netherlands) felt that the concern demonstrated in the views expressed in the papers prepared by governments of the countries in the region was unduly pessimistic. The representatives of Japan, Indonesia, Ceylon, India, Hong Kong and Pakistan reiterated their governments' concern on possible adverse repercussions of the Common Market on their exports; the governments of the Republic of China, the Federation of Malaya, Laos and the Republic of Viet-Nam felt that the European Common Market would not, on the whole, have a serious effect on the commodities in the export trade of their countries.

The Report of the Committee took note of the concern expressed by several countries over the possible adverse effects on their export trade from the establishment of the Community, not only in respect of agricultural products which would be affected by

agricultural protectionism within the Common Market but also of a wide range of manufactured goods which were exported by some countries of the region. The Committee considered, however, that a definitive assessment of the effects of the Common Market and of the association of Overseas Territories with the Common Market would not be possible at this stage since the common tariff had not been finally established, and many of the other policies and measures of the Community had still to be formulated and implemented.

In the meantime, the Committee welcomed the 10 per cent reduction in tariff duties effective from 1 January 1959 which was extended not only to the six member states of the Community but also to the other members of OEEC and to those countries to whom the most favoured nation clause applied, which included the Contracting Parties to the General Agreement on Tariffs and Trade.

In view of the anxiety and fears widely expressed by the countries of the region, the Committee also welcomed the assurances given by the Common Market countries that the interests of third countries would be adequately safeguarded. It also expressed satisfaction at the assurances given by members of the European Economic Commission (i.e. the permanent executive organ of the Community) at the thirteenth session of GATT that, in framing its economic policy, the Community would take into account the interests of third countries and would pursue a policy of co-operation with GATT members. The Committee hoped that actual policies pursued by the European Economic Community would not be restrictive, but

would be conducive to an expansion of world trade, and that the products of the ECAFE countries would be given fair and reasonable access to the Common Market.

As for the establishment of the Free Trade Area in Europe, negotiations were still in progress under the Ministerial Committee of OEEC and a number of practical difficulties had delayed their successful conclusion. It was therefore premature to examine the possible implications for the ECAFE region of such a step.

These conclusions of the Committee on Trade sum up the still unsettled situation with regard to this question, which has so far been discussed in terms of hopes and assurances on the one side and anxiety and fears on the other, while uncertainty hangs over a number of important points with regard to the practical implementation of the provisions in the Treaty. As the Panel of Experts appointed by GATT reported: "it is of particular importance for the expansion of world trade that the European Economic Community should develop on lines on which its trade-creating effects will outweigh its trade-diverting effects. . . . If the Community were to grow into an instrument for trade diversion and for increased protectionism against outside agricultural or other products, it might be the signal for a growth of undesirable discriminatory arrangements of a trade-diverting and protective character. All countries would lose in such a case".¹

¹ *Trends in International Trade*, A Report by a Panel of Experts, GATT, Geneva, October 1958, p.123.

Chapter 3

ALLOCATION OF RESOURCES AND PROBLEMS OF IMBALANCE

THE STRUCTURE OF RESOURCE ALLOCATION

ECAFE countries differ in regard to the relative importance of supplies from abroad as a part of the aggregate volume of current resources available for allocation. They also differ in the proportions normally claimed by investment and consumption. From one point of view, the claims of the government for its current needs and the private and governmental claims for investment may be considered as autonomous factors; what is left over is—ignoring changes in stocks¹—the supply of goods and services available to private citizens, and largely determines their current level of living. In centrally planned economies, this volume of goods and services is described as saleable output, as distinct from the output retained by the government for aggregate investment and its own current needs.

The interaction of changes in the volume and utilization of aggregate resources in any given period is largely determined by the structure existing in the countries concerned. Fairly recent data on this structure of resources and demand are available for a number of countries (See table 11).

¹ Data on stocks of most consumer items are particularly inadequate. It is not believed, however, that stock changes would materially affect the conclusions in this section.

Development in foreign markets obviously have more serious effects in countries which are comparatively dependent on imports than on those which are more self-sufficient. Conversely, the level of domestic production of goods for home use is more important in countries where domestic production accounts for a comparatively large proportion of total resources. From table 11 it can be seen that the percentage of aggregate resources derived from imports, in the periods indicated, ranged from as low as 8 per cent in India to an extreme 70 per cent for the Federation of Malaya and (entrepot) Singapore. For a number of countries, the figure was about 12-16 per cent; for Burma it was 24 per cent; for Ceylon, 35 per cent.

A closer examination reveals further differences which are significant in the analysis of resources and demand. Particularly in China: Taiwan, southern Korea and southern Viet-Nam (also Cambodia and Laos) a substantial portion of imports is acquired not from *quid pro quo* trade but from external aid. Their ability to import therefore depends more on the policies of the donor countries than on world market trends. The entrepot economies of Hong Kong and Singapore are special cases, since a considerable proportion of their imports is destined for re-export. Finally, the economy of Japan is unique in the region.

Table 11. ECAFE Countries: Structure of Resources and Demand, 1954-1956

Country	Retained domestic product ^a	Per cent of aggregate resources				
		Imports	Govern- ment investment	Private invest- ment	Govern- ment con- sumption	Private consump- tion
Burma	76	24	12	9 ^b	14	65
Ceylon	65	35	6	5	14	75
China: Taiwan	88	12	6	9	17	68
Federation of Malaya and Singapore (1951-53)	29	71	4	7	12	77
India (1951-53)	92	8	3	7	5	85
Indonesia (1951-52)	90	10		5	13	82
Japan	88	12	8	19	11	62
Korea, southern	86	14	3	9	10	78
Philippines	86	14	2 ^c	7 ^c	8	83 ^c
Viet-Nam, southern (1955-56)	84	16	7	...	21	...

Source: United Nations, *Yearbook of National Accounts Statistics, 1957*; *Economic Bulletin for Asia and the Far East*.

^a Total domestic product minus exports.

^b Including fixed capital formation of public corporations.

^c Investment appears to be undervalued in the Philippines, and the proportion of consumption consequently overestimated.

Its highly developed position in respect of manufacturing industries creates a closer interdependence of imports, domestic production and exports than is found in any other ECAFE country.

Reliance on imports for food supply is a special factor in import-dependence in ten countries of the region listed in table 11. Thus although *in toto* India is relatively independent of external sources, food imports are of critical significance in degrees varying with the size of the annual domestic crop. The larger import-dependence of Ceylon, the Federation of Malaya and the entrepôt economies is aggravated by the necessity of importing food. Among the countries more moderately dependent on imports, Indonesia, Japan, southern Korea (up to the end of 1957), Pakistan and the Philippines also have been food importers.

Aggregate investment and government consumption, as was noted above, together represent the active demand factors, and in that sense determine the resources available for private consumption. In the years shown, India had the smallest withdrawal for investment and government outlay (15 per cent) and Japan the largest (38 per cent). In descending order of the share of total resources available for private consumption, other countries listed are: Philippines, Indonesia, southern Korea, Federation of Malaya and Singapore, Ceylon, China: Taiwan and Burma.

The relative importance of claims for government consumption (mainly non-developmental) and of investment (mainly developmental) is of interest. Government consumption took the smallest proportion of resources in India (5 per cent); in southern Vietnam, the figure was as high as 21 per cent; in China: Taiwan, 17 per cent; in Burma and Ceylon, 14 per cent; in Indonesia, 13 per cent. Government consumption also tends, of course, in greater or lesser degree, to promote higher levels of living. To the extent that the government is considered as a social consumption unit providing services for general use, aggregate consumption—private and government—should be taken as the indicator of the country's level of living. For demand analysis, however, it is useful to separate the "active" factor of government outlay for current purposes from the "passive" factor of individual consumption.

The share of aggregate investment was highest in Japan and Burma (27 and 21 per cent) and reportedly lowest, among the countries shown, for Indonesia (5 per cent). Most other countries utilized 10 to 15 per cent of their resources for investment. Levels and trends of investment are crucial elements for growth; other things being equal, the larger the share of investment, the faster will be the rate of growth, and

also the more significant the effect of investment fluctuations on the demand pattern. The booms and recessions of the industrialized countries of North America, Western Europe and Japan have clearly demonstrated the importance of the investment factor in the expansion and contraction of demand.

Investment has been of critical importance to the countries of the region despite its relatively low share in aggregate resources, because of its impact on external balance. A large part of national investment for economic development consists of expenditure on imports of capital goods, and this involves the utilization of export proceeds, foreign aid or foreign assets, or the incurring of external indebtedness. This close direct relationship between development and external balance has caused serious anxiety to the countries of the region in their efforts to accelerate economic growth. External imbalance may also, however, reflect domestic instability; i.e. import surpluses, and not merely or even mainly domestic price increases, may result from internal imbalance between resources and demand. Investment may again be involved, since the enlarged demand may be for government or private investment, and much of it may thus be a direct reflexion of the country's economic development effort; or it may be a secondary consumption demand, based on higher money incomes. Either budget deficits, or an increase in bank credit, or an export surplus may create the monetary expansion enabling this excess demand to develop. The phenomenon may be temporary, and may have a cyclical character; or, if it is a question, for example, of budget deficits, and if foreign exchange reserves or foreign aid are ample, it may continue for some years.

THE VOLUME OF RESOURCES AVAILABLE

In the majority of the countries of the region, domestic production constitutes by far the most important part of the resources available for allocation as between consumption and capital formation. Some part of this production is exchanged for imports. To the extent that proceeds from exports are not fully spent on imports during a given period of time, the country accumulates foreign assets to pay for future imports. In this sense, net exports of goods and services are considered as investment. However, for the period in which the export surplus occurs, it implies a net reduction in the resources domestically available for allocation. On the same basis, net imports of goods and services imply an addition to the resources that are obtained through current domestic production. To the extent that these import surpluses are paid for by foreign loans or a decline in foreign assets, they are tantamount to national

disinvestment. Such disinvestment, for example, is a feature of the continuing import surpluses of India and the Philippines. This is not necessarily an undesirable feature if it is incurred to finance productive domestic investment. If, however, the import surpluses are incurred primarily to meet consumption demands, as was the case of India in 1951, the disinvestment abroad represents an unproductive though perhaps inevitable reduction in wealth.

Burma, Ceylon, Japan, Pakistan and Thailand (up to 1955) have incurred self- or loan-financed import surpluses in particular years as concomitants of oscillations in their foreign trade. Continuing import surpluses have become a feature of several aid receiving countries, namely China: Taiwan, southern Korea, Laos, Thailand (since 1955) and southern Viet-Nam. Other countries of the region have also been recipients of foreign aid, but it has not been so significant a factor in their import surpluses. Insofar as a country receiving such assistance does not incur liabilities for repayment, the aid received is a permanent addition to its resources. From the point of view of a given year, however, all import surpluses—whether aid-, loan- or self-financed—indicate an increase, and all export surpluses a decrease, in the availability of resources for disposition within the geographical frontiers of the nation concerned.

Table 12. ECAFE Countries: Net Balance

in Goods and Services

(*Million dollars at current rates of exchange*)

	1956	1957 Jan-June	1957 Jul-Dec	1958 Jan-June
Burma	2.7	— 42.1	— 70.5	— 7.0
Ceylon	28.8	— 13.2	— 14.3	— 25.6
China: Taiwan . . .	—107.6	— 22.4	— 73.9	— 48.4
Federation of Malaya and Singapore . . .	67.3	...	...	...
India	—673.0	—449.8	—534.2	—503.6
Indonesia	—157.0	— 91.0	15.0	— 67.0
Japan	— 59.1	— 657.8	67.7	93.9
Korea, southern . . .	—334.1	— 209.0	— 180.0	— 188.0
Pakistan	—165.0	— 77.3	— 83.0	— 121.4
Philippines	— 70.0	— 44.0	— 170.0	— 42.0
Thailand	— 15.3	— 11.3	— 18.7	— 25.8
Viet-Nam, southern . . .	—218.1	...	...	—934.9
Total above countries excluding Federation of Malaya and Singapore and southern Viet-Nam	—1,549.6	—1,617.9	—1,061.9	...

Source: IMF, *International Financial Statistics*.

With the exception of the Federation of Malaya and Singapore, which had a reduced export surplus, the countries were able, with considerable foreign aid, to augment their resources during the first half of 1957 by sharply increasing their import surpluses. Excluding southern Viet-Nam, the Federation of Malaya and Singapore, and mainland China, the aggregate regional import surplus in the first half of 1957 exceeded the level (US\$1.55 billion) reached in the whole of 1956. In the second half of 1957, the surplus fell to \$1.06 billion. Data for the first half of 1958 indicate a further decline by about 12 per cent of the total for the previous six months, mainly owing to reductions in the import surpluses of Burma, China: Taiwan, India and the Philippines. India imposed still more stringent restrictions on imports in the third quarter of 1958 and these should be reflected in the statistics for the second half of the year. All in all, therefore, there was some reduction not only in production (as shown in Chapter 1) but also in net imports of goods and services.

Faced with these decreases in the availability of their resources, the countries were confronted with the choice of reducing either investment or consumption or both. It appears that, for the most part, they chose, or were forced, to reduce both. However, in the absence of data for the current period on the distribution of national expenditure, this conclusion is largely a matter of surmise based on indicators which can only yield approximations at best.

INVESTMENT

Aggregate investment in Pakistan continued to increase. At current values, the 1957/58 investment was expected to be 22 per cent higher than in 1956/57; a further rise of 15 per cent was expected in 1958/59.

The aggregate investment of the other developing countries of the area (excluding mainland China), as deduced from the statistics of imports of capital items (i.e. capital goods and materials chiefly for capital goods), appears to have declined sharply in the first half of 1958. In the corresponding period of 1957, the dollar value of such imports rose by 49 per cent from the average level in 1956 (US\$3.6 billion). It declined from this peak by 11 per cent in the second half of 1957 and by 35 per cent in the first half of 1958 when it fell almost to the 1956 level.

In the second half of 1957, the decline in capital item imports was significant (44 per cent) only in Indonesia, where the political situation created particular difficulties at the time. Imports of capital items actually increased rather sharply in Burma and China:

Taiwan. In other countries, only moderate changes took place either way, though on the aggregate such imports were reduced.

The steeper decline of capital item imports in the first half of 1958 was more uniformly distributed. Only in Indonesia did imports of capital items increase and regain a quarter of the ground lost in the second half of 1957. In Thailand the 1957 level was maintained; in other countries it fell. The declines were most significant in the countries afflicted by balance of payments difficulties such as India and the Philippines.

The increased tempo of public (as contrasted with total) investment in 1957 or 1957/58 is reflected in the increases, rapid in some cases, which occurred in the developmental expenditure (including non-capital outlays) of fifteen ECAFE countries.¹ Their aggregate developmental expenditure increased from \$4 billion in 1956 or 1956/57 to \$4.8 billion. The increase was shared by all countries except Ceylon; there the new Government scrapped the previous six-year investment programme, but continued investment in several of the projects while a fresh review was under way. The budget estimates of the fifteen countries for 1958/59 show a further but slower rise to \$5.1 billion. However, if allowance is made for the traditional gap between budget estimates and actual expenditure, particularly in respect of capital outlay, it seems unlikely that the investment level of the previous year will be exceeded.

As investment in India's second five-year plan gathered momentum, the Government was confronted with a shortfall not only in foreign resources but also in internal resources. The earlier experience of deficit financing was happy so long as the slack was being taken up and agricultural and industrial productivity was expanding, so that investment could be stepped up without encroaching on consumption levels. But, in 1957/58, sharp increases were claimed for investment and current government expenditure in a climate of economic setback. The unhappy choice between investment and consumption had to be made. With a food shortage looming and drastic import restrictions imposed to conserve foreign exchange, the country could not take another plunge into heavy budget deficits. In mid-1958, when the plan was reappraised, no further reliance was placed on deficit financing in the search for additional internal resources. Instead, the country, for the first time, seriously entertained the idea of reducing its planned investment. The projects under the plan were divided into two categories. The first, amounting to about 94 per cent of the aggregate, consisted

of programmes for increasing agricultural production, "core" projects, and projects which had already reached an advanced stage or which involved firm commitments. These projects were to be carried out in any case. The remaining 6 per cent, in the second category, were to be undertaken only if, and to the extent that, additional resources became available. However, improved prospects both of food production and foreign exchange made it possible towards the end of the year to restore the cuts.

The Philippines also suffered from foreign exchange difficulties: Implementation of its public investment programme fell from 97 per cent of the target in 1956/57 to 87 per cent in 1957/58. In current values, it was cut by more than 2 per cent. The 1958/59 programme was further revised downwards, allowing only for the completion of projects already started or those likely to contribute to output from existing projects.

The problems which some of the rice exporting countries have had with their public investment programmes do not appear to have arisen mainly from shortage of external resources. In Burma, the decline in government investment in 1957 has been explained as part of the policy of "consolidation". In Cambodia, Laos and southern Viet-Nam the lag in performance has been attributed more to the shortage of technical personnel and to the organizational difficulties which beset planned development in its initial stages than to lack of external finance. The difficulties of Ceylon were also not due to shortage of external finance, but more to the desire to review the direction of future progress, absence of fully prepared projects and a shortage of technical and entrepreneurial personnel for non-traditional fields of investment.

The Government of the Federation of Malaya planned to confine its development programme in 1958 to projects to which it had already committed itself in 1957 or for which external aid could be obtained. This was because shortfalls occurred in revenue from its exports. This policy of sacrificing development for fiscal reasons appears open to question. Since foreign exchange had been accumulated by export surpluses over a considerable period of the past, and the decline in exports had given rise to deflationary internal conditions during 1958, some of the country's foreign assets might instead, in principle, have been made use of to forge ahead with an increase in development expenditure and simultaneously counteract the domestic effects of the fall in export earnings. However, because of the inflexible currency reserve system operated jointly with British Borneo and Singapore, such policy could not be pursued independently by the Federation.

¹ Burma, Cambodia, Ceylon, Federation of Malaya, India, Indonesia, Laos, Nepal, North Borneo, Pakistan, Philippines, Sarawak, Singapore, Thailand and southern Viet-Nam.

Pakistan, like India and the Philippines, has expressed concern at the shortage of internal and external financial resources and has felt the lack of technical and managerial personnel common to most ECAFE countries. However, the realized government investment for 1957/58 indicated a considerable increase (75 per cent) over the previous year, and the amount budgeted for 1958/59 is higher than in 1957/58.

Agricultural setbacks and decreased foreign exchange earnings¹ have caused some of the countries affected not only to readjust their aggregate capital outlays but also to alter priorities in favour of agriculture and other quick-yielding projects. In the review of priorities, there seems to have been some reaction against the early emphasis on industry. For instance, reductions in industrial investment have been planned in Burma, Indonesia and Pakistan. Only in India was the allocation for industry increased in the reappraisal of its plan. There may even be a possible danger that dissatisfaction in implementing industrialization programmes to date might lead to a tendency to scrap these programmes instead of overhauling them.

The share of the private sector in the total outlay projected in different development plans varies from 27 per cent in Pakistan to 61 per cent in the Philippines. Since government investment outlays increased considerably in 1957/58 and probably remained at about the same level or only a little below it in 1958/59, the decrease in aggregate investment suggested by the decline in imports of capital goods in late 1957 and 1958 can, therefore, only mean a serious fall in private investment in the developing countries of the region.

This reduction in private investment in 1958 was primarily caused by the setback in production and exports. However, several governments also contributed to the decline by continuing to pursue contradictory policies as regards private enterprise in a climate of economic setback. Tax concessions to encourage domestic foreign private investment will not achieve much if, for example, tax levels are raised correspondingly and governments allocate most of the available foreign exchange to themselves. Uncertainty over the question of nationalization may also be mentioned. It may be observed (without taking up a position either for private or for public ownership and operation in any given case), that prolonged uncertainty over the question of nationalization may in fact give private owners the incentive and opportunity to consume capital while the government itself misses opportunities to augment it.

¹ As well as political developments; e.g., in Indonesia, the increased need for internal and external security, provincial demands and the consequences of the decision to take control of Dutch-owned enterprises.

CONSUMPTION

The lack of data on national product and its allocation makes it difficult, again, to be certain about consumption trends since the latter part of 1957. The decline in production and in import surpluses would tend to produce a fall in consumption, but the decline in aggregate investment would favour a rise. At a guess, there may have been a decrease of about 20 per cent in investment and over 10 per cent in import surpluses in the year under review. At their average prevailing levels, if the decline in national product was appreciable (say, 2 per cent or more), it would mean that levels of consumption fell somewhat. Only circumstantial evidence regarding the availability of food, textiles and imported consumer goods is available to test this conclusion. On the whole, such evidence does suggest that the fall in investment, sizeable as it was, did not fully offset the decrease in the availability of resources and that aggregate consumption was slightly reduced as a result. Since population was growing, the average *per capita* consumption was reduced somewhat more.

GOVERNMENT CONSUMPTION

Although the cake was smaller, governments in the region took at least their usual bite. Their current expenditure, which had been increasing for several years, could not quickly be adjusted downward to suit adverse economic conditions. Sizeable increases were registered in all the countries for 1957 or 1957/58. For 1958 or 1958/59 the draft estimates of the various countries indicate a further growth despite the concern over difficulties which was expressed in budget speeches. Only Pakistan has seriously pruned the allocation for current expenditure in its budget, rather than cut investment. The Philippines, on the other hand, has preferred to cut investment and increase its current outlay. Southern Korea is following a stabilization programme begun in 1957 which is aimed at cutting current expenditure as well as investment. Japan's further increase in current expenditure is part of its anti-cyclical policy; the increase, however, has been more significant in investment than in current expenditure.

This continuing rise in public consumption highlights one of the major difficulties of governments in the region, as elsewhere. A considerable part of the resources which they have mobilized with much effort has to be drained away in current expenditure instead of being invested. Of course, not only capital expenditure is or can be developmental; a substantial portion of current expenditure is incurred in the field of social services which may be considered an investment in human beings. By and large, all the

countries of the region have been devoting more and more resources to eradicating illiteracy, spreading technical education, improving public health and sanitation, and so on. In newly independent countries, moreover, even increased expenditure on the maintenance of law and order often constitutes a contribution to development.

The public current expenditures, however, contain three major elements whose contribution to development is questionable, necessary though they may be for other reasons. To begin with, considerable expenditures are incurred for subsidies and other redistributive measures not directly related to development or necessarily proportioned so as to yield balanced economic and social progress. The second element relates to the operation of what has recently come to be known as Parkinson's law, according to which the volume of administrative personnel in all large organizations goes on expanding by its own momentum, irrespective of the amount of work to be done. A quick look at the provision made in national budgets both for administration and general services as a whole, and for individual ministries, bears out this point. When under financial stress, many a Finance Minister has made desperate attempts to counteract this phenomenon at budget time, only to be defeated by it at the close of the financial year. Third, and perhaps most serious in its implications, is the heavy military expenditure that the countries of the area have felt it necessary to incur. It is not only the large volume of such expenditure which is significant, but also the drain which it causes on foreign exchange, particularly for the countries that are experiencing a critical foreign exchange shortage, for example India. Even aid-financed countries have felt the pinch in incurring the follow-up expenses which have to be met from domestic resources.

Ceylon: an illustration of trends in public expenditure.

Several of the factors mentioned above are illustrated in the growth of government expenditure in Ceylon in the last few years.

Since a large volume of the island's national product and expenditure is channelled through foreign trade, Ceylon has been able to secure an enviable 20-25 per cent of national resources for public expenditure, a sizeable part of which it has spent on a widely expanded network of social services. By 1956, investment in public health measures had reduced the annual death rate to about one per cent and increased the expectation of life at birth to about 60 years; in these respects, Ceylon is now up to standards approaching those of the industrially advanced countries of the Western world. The birth rate on the other hand has failed to decline signifi-

cantly, and the widened gap (exceeding 2.5 per cent per annum) between the birth and death rates is resulting in a rapidly rising population. Increased investment is therefore an urgent necessity if the levels of living already attained are to be maintained. The country is familiar with the scope and problems of investment in the traditional fields—export crops such as tea, rubber and coconut products, and the principal domestic crop, paddy. But the planned expansion of agriculture, except for tea which is a labour-intensive crop, is not thought of as providing much scope for employment. The country at the moment is considering, under the aegis of its Planning Council, the alternatives in industry and elsewhere.

The growth of various types of public expenditure in Ceylon is shown in table 13. In any interpretation of the draft estimates for the last two years, however, allowance should be made for two considerations: actual current expenditure in the previous three years exceeded that in the draft estimates (not shown) by an average of 7 per cent; and capital outlay has fallen short of the outlay proposed by an average of a little more than a quarter.

Assuming that the shortfall in capital outlay for the fiscal year 1957/58 was also a quarter, the volume of investment has remained stationary or even tended to decline. The major part of the investment is concentrated on agriculture and public utilities. The share of industry is hardly noticeable. A sharp increase is proposed in investment outlay for 1958/59, but whether the country's administrative machinery can be geared up to take the additional load is not clearly established.

In the meantime, current expenditure has been growing rapidly. Defence outlay, although far smaller than in most other countries of the region, has risen steadily; the current sharp increase is related to the take-over of the British naval and air bases in the island with effect from 1956. The growth in administrative personnel has been continuous. The actual expenditure on administrative services for 1957/58, however, is likely to show a still more substantial increase under this head and other heads because of a rise in wages, costing around Rs 80 million, given to public servants by the Government after a strike in November 1957. The rise in current expenditure budgeted for 1958/59, however, incorporated the increases resulting from this wage rise.

The already extensive social services, the largest item in current expenditure and a noticeable one in capital expenditure, are being further expanded. The nation's spending on health, education and other services is as high as 10 per cent of national income. The Government spends about two-thirds of this, using

Table 13. Ceylon: Government expenditure, 1954/55-1958/59
(million rupees)

	1954/55 A	1955/56 A	1956/57 A	1957/58 DE	1958/59 DE
<i>By types:</i>					
Current expenditure					
Purchase of goods and services ^a	610	638	607	748	924
Transfer payments ^b	125	233	278	315	324
Total ^a	735	871	984	1,063	1,248
Acquisition of real assets ^c	336	373	358	443	604
Financial transactions ^d	—3	79	164	2	13
Total expenditure	1,068	1,323	1,506	1,508	1,865
<i>By functions:</i>					
Defence					
Current	18	23	27	40	48
Capital	9	8	7	17	36
Total	27	31	34	57	84
Administration					
Current	124	127	146	140	174
Capital	9	16	14	24	22
Total	133	143	160	164	196
Social services ^e					
Current	234	257	278	284	349
Capital	80	101	87	94	139
Total	314	358	365	378	488
Social redistribution					
Food subsidies	—	80	106	134	108
Direct relief	15	25	43	34	37
Total	15	105	149	168	145
Economic development					
Current	72	64	66	86	97
Capital: utilities	118	122	129	144	199
agriculture	120	131	125	150	201
industry ^f	9	3	4	30	44
Total	319	320	324	410	541
Other services:					
Current	263	287	310	329	398
Financial transactions	—3	79	164	2	13

Source: Central Bank of Ceylon, *Annual Report* for the year 1957 and *Bulletin* for September 1958.

Note: A denotes accounts, and DE draft estimates.

^a Includes capital outlay on defence, following national accounting practice.

^b Food subsidies, interest on public debt, pensions, direct relief, grant to local authorities and other miscellaneous items.

^c Excluding capital outlay on defence; including maintenance expenditures.

^d Acquisition of financial assets and net payment on account of operations financed through advance accounts.

^e Health, education, housing and rural development.

^f Manufacture, mining and trade.

about a quarter of its total resources. There might be some scope for increasing the share of the private sector in this field, leaving larger public sector resources to be channelled to economic development. This might be done, for example, by giving up the principle of providing free health and education services and others to all, regardless of capacity to pay, and by transferring some activities of direct local interest from the Central Government's charge to that of local bodies. The idea of self-help through community projects, emphasized in India and several other countries, might also be given further consideration.

A considerable part of Ceylon's growth in current expenditure is devoted to primarily redistributive purposes. Food subsidies were reintroduced in 1956. Though indirectly related to increasing agricultural production, food subsidies provide rice for the Ceylonese citizen at about half of what it costs the Government. Of the savings which he thereby makes in rice outlay, a substantial portion probably goes into increased demand for other imports, and very little goes into economic development. On the other hand, Rs 100 million, in the hands of the Government, could be quite useful for development. During the

year 1958, there was an unexpected saving of Rs 35 million in expenditure on rice subsidies; the windfall was, however, passed on to consumers in the form of a further reduction in the price of rationed rice. Other instances of redistributive measures are the steady losses which government enterprises incur in the face of trade union pressure for higher wages and of consumer insistence on lower prices on services. The railways in Ceylon, for instance, are operated at a loss, whereas they have contributed to government revenues, for example, in India.

Ceylon's highly developed fiscal system and the excellent classification of its expenditures bring out clearly the problems that governments face in curbing the tendency for public consumption to rise. But Ceylon is, of course, by no means the only instance of the trends discussed. Similar trends, isolated or in combination, can be discovered in the budget allocations of almost all countries of the region.

PRIVATE CONSUMPTION

After the deduction of investment and government consumption from aggregate supply, the remainder, neglecting the effects of stock changes, is available for individual or private consumption. The year under review saw private consumption reduced, since aggregate consumption on the whole declined while governments on the whole took larger shares for their own or collective needs. The reduction in consumption was, of course, not general over the entire area. Several major countries, India, Indonesia and Pakistan, suffered a relatively sharp decline; consumption probably increased in Ceylon, China: Taiwan, the Federation of Malaya and Singapore, Japan and southern Korea; the Philippines had a shortage in cereals and in imported goods; Burma and Thailand had smaller supplies available, but no food shortage.

The *per capita* available supply of cereals (i.e. production plus net imports), in the region as a whole (excluding mainland China) in 1958, is preliminarily estimated at approximately 7 per cent less than in 1957. It appears that the availability of cereals per head in 1958 was probably much the same as in the year before in the Federation of Malaya, Japan and southern Korea. It declined to varying degrees in the remaining importing countries, and especially severely in India. There seems to have been a fall in *per capita* rice availability for domestic consumption in most rice exporting countries as well. Towards the end of the year, however, with the good paddy harvests in most exporting and importing countries of the region, the food situation improved.

In textiles, particularly cotton textiles, it was not so much the failure of production as a decline in

consumer incomes that appeared to reduce consumption. In India, there was a decline in the offtake of cotton goods; the Government even withdrew the excise duty on cloth in order to stimulate consumption, and imports were reduced. To some extent, import reduction was also the outcome of reduced export earnings and import restrictions.

Import restrictions in some of the importing countries such as Pakistan and the Philippines appear to have led speculators and hoarders to withdraw from consumption part of the reduced supplies of consumer goods available through domestic production and imports.

Consumption levels in Japan rose despite the recession, since this mostly affected investment and exports. The large increase in farm output and tax reductions more than offset the adverse effects of the rather small increase in unemployment from the preceding boom period. Urban consumer spending in the first nine months of 1958 was about 7 per cent higher than in the corresponding period of the previous year. Good rice crops also led to a rise in rural consumption levels, by about 5 per cent.

THE NATURE AND PRINCIPAL CAUSES OF IMBALANCE

The reduction in output and exports, which occurred in most countries of the region during 1958, should have had a contractionary effect. Nevertheless, high domestic expenditure sought out fewer goods and services, and both the internal inflationary trend and the deterioration of external assets, already in evidence during 1957 and earlier, were sustained. In some countries the former was aggravated.

Table 14. ECAFE countries: Foreign asset holdings as at end of period, 1955-1958
(million dollars)

	1955	1958	June 1957	Dec 1957	Aug 1958
Burma	118	145	131	106	140
Ceylon	251	255	214	206	196
China: Taiwan	61	79	99	108	108
Federation of Malaya and Singapore	481	462	442	434	423
India	1,900	1,477	1,325	1,001	768
Indonesia	241	147	82	111	149
Japan	1,471	1,646	1,150	1,208	...
Korea, southern	96	99	106	116	126
Pakistan	370	373	332	291	254
Philippines	209	225	190	140	140
Thailand	298	311	322	329	330
Viet-Nam, southern	138	140	147	158	184
TOTAL	5,634	5,359	4,540	4,208	...
Total excluding Japan	4,163	3,713	3,390	3,000	2,818

Source: International Monetary Fund and national statistics.

The imbalance on *external* account is indicated by the decline in foreign assets, as well as by the tightened import and exchange restrictions. The decline in foreign assets continued at least through August, although more slowly than before. Japan's credit restrictions succeeded in turning the decline in its foreign assets to an increase in the second half of 1957 and thereafter, and import restrictions in other countries reduced the rate of decline to 6 per cent of the current holdings in the first eight months of 1958.

In all the developing countries, the restrictions imposed were mainly on imports of consumer goods, thus making these goods still more scarce. The share of imports on public account rose, reflecting the larger share that the governments took during the year from aggregate resources. Food imports were continued, where needed to relieve shortages. When such imports came under United States loan programmes repayable in local currency, however, they did not involve a drain on foreign assets; the importing country in the first instance obtained food by granting the United States a claim on its domestic resources, and in the second instance obtained the use of part of this claim for economic development purposes.

Imbalance in their external accounts appears to have become a persistent feature of the developing economies in the postwar period. Concern at the continuing imbalance has been expressed by the countries of the region and was stressed in the Introduction to the 1957 *Survey*. The basic cause of imbalance lies in the steadily widening gap between demand for the primary products, textiles, etc. that the developing countries of the region have to offer, and demand for the chemicals, metal products, etc. which they wish to buy, and which they must in fact obtain in some manner if they are to accelerate their economic development. This factor also puts pressure on their terms of trade. Efforts made to promote exports through bilateral and other arrangements have generally been frustrated by the inability of ECAFE countries to offer enough goods in strong demand. The export promotion committees appointed by the various governments have also encountered this basic structural problem.

Internal imbalance between demand and resources took the form of an excess of demand in Afghanistan, Burma, Ceylon, China: Taiwan, India, Indonesia, Pakistan, Philippines and Thailand. On the other hand, in British Borneo, the Federation of Malaya, Hong Kong, Singapore and Thailand, where export earnings constitute a major source of national income and expenditure, contraction in external demand led to a decline in total demand and activity. That this

did not occur in Burma and Ceylon, despite their export orientation, was due to the fact that the contractionary forces in those countries were more than counteracted by increases in government outlay.

The imbalance in the different countries is reflected in the movement of money supply, of which the factors of expansion are government deficits, increases in bank credit and export surpluses (if any).

In 1958 the governments of practically all the countries incurred deficits in their cash operations; their outlays on current and capital items, defence included, could not be held within the bounds of their revenues. The ratio of tax revenue to outlay did not show any significant increase during the year despite the attempts which several countries made to increase tax rates and tighten up tax administration. Tax legislators tried to plug loopholes in income tax and death duties with levies on gifts, capital gains and spending; expense accounts also came under their disapproving eye, for example, in Ceylon and India. Several countries concluded that top-bracket income tax rates had already hit the ceiling, and brought them down, but taxes on commodities were increased rather generally. The growing share of public undertakings in national output also contributed sometimes to the raising of revenue. However, these additions were not enough, and governments still relied to a significant extent on the banking system to finance their outlays.

Bank credit expanded in all the private enterprise and mixed economies of the region for which statistics are available. In most cases, this was the result of an increase both in government and in private borrowing. The commercial banks of many countries do not provide finance for private industrial investment; however, the private sector drew increasingly upon the banking system to finance inventories of goods which had remained unsold because of the decline in exports. In Burma's case, on the other hand, where supply difficulties reduced exports and drew down inventories of rice, the 1958 decline in bank credits to the private sector was due to the liquidation of private rice inventories and of stocks of consumer goods imported in 1957. Judging by the nature of restrictions imposed by several governments, the banks in some countries also appear to have financed inventories of food, textiles and other goods held for speculative purposes.

Various monetary measures adopted, such as raising interest rates (India, Philippines), increasing reserve requirements (Burma, Philippines) and imposing selective credit control (India), do not appear to have succeeded in reducing the volume of credit,

except in Burma, but they may have stopped a credit inflation and curbed the rate of credit expansion for speculative purposes.

With the exception of Ceylon, China (mainland) and Indonesia, no country showed an export surplus. Continuing import surpluses could not completely counteract the expansionary elements described above. Since import payments fell more than export receipts, the surpluses were reduced during the year.

The excess demand reflected in increased money supply led generally to higher prices, except for export goods which were affected by a fall in external demand. Of the principal export commodities, only rice, copra and tea in certain markets experienced price increases during the year. The cost of living went up in all the countries except the Federation of Malaya, Japan and southern Korea. In the Federation, the drop was due to the decline in export earnings; in southern Korea, to foreign aid. Japanese prices declined only slightly.

The most significant factor concerning the level of living, however, was the shortage of food suffered by several major countries of the region. Cereals were in short supply, and their prices went on rising in India, Indonesia, Pakistan and the Philippines; large imports had therefore to be continued; at least in Pakistan and the Philippines, imports had to be increased. On the other hand, in other food deficit countries such as Ceylon, the Federation of Malaya, Japan and southern Korea, the food situation improved owing to good paddy crops. In southern Korea, rice

imports practically ceased and there was even a surplus available for export. Moreover the food situation improved and prices declined almost everywhere after the harvest in the last quarter of 1958.

Except for restrictions on internal movements of foodgrains in India, Indonesia and Pakistan, none of the countries appears to have resorted to physical controls to combat the food shortage. The main measure taken to control prices by the governments of India and Pakistan was to enter the foodgrains markets with supplies at fixed prices which were lower than prices on the free market. In India, the Government's anti-hoarding measures also included restrictions on bank advances against foodgrains; and the nationalization of the wholesale trade in foodgrains, proposed by the National Development Council on 9 November 1958, was being taken up at the end of the year. Burma and Pakistan took more drastic measures to reduce speculative inventories.

Tables 15 and 16 show, in summary form, the direction of changes in 1958 in the supply and allocation of aggregate resources, the financial indicators of demand, and the indicators of internal and external imbalance. (Plus signs indicate an increase, minus signs a decrease, except that any budgetary deficit is shown by a plus and any import surplus by a minus. Blanks indicate that the item in question was absent or of negligible importance. A question mark indicates lack of information). The aggregation for the region at the bottom allows some weightage for the different countries.

Table 15. ECAFE Countries: Supply and allocation of aggregate resources, 1958

	Supply						Allocation			
	Agricultural production	Industrial production	Quantum of Exports	Retained domestic production	Quantum of Imports	Aggregate resources	Government consumption	Government investment	Private investment	Private consumption
Burma	—	—	—	—	—	—	+	—	—	—
Ceylon	+	—	—	+	—	+	+	—	—	+
China: Taiwan	+	+	+	+	+	+	+	?	—	+
Federation of Malaya and Singapore	+	—	+	+	—	—	?	?	?	+
India	—	+	—	—	—	—	+	+	—	—
Indonesia	+	?	—	+	—	—	+	+	—	—
Japan	+	—	+	+	—	+	+	+	—	+
Korea, southern	+	+	—	+	—	+	+	+	?	+
Pakistan	—	+	—	—	—	—	?	+	+	—
Philippines	+	+	+	+	—	+	+	—	—	+
Thailand	—	—	—	—	—	—	+	+	?	—
Viet-Nam, southern	—	—	—	—	—	—	?	—	?	?
ECAFE region (excluding mainland China)	—	+	—	—	—	—	+	+	—	—

Table 16. ECAFE Countries: Financial indicators of demand and imbalance between resources and demand, 1958

	Budget deficits (cash operations)	Indicators of demand			Indicators of imbalance			
		To Government	To private sector	Total	Export surplus (value)	Money supply	Wholesale or export prices	Cost of living
Afghanistan	?	—	+	+	—	+	?	+
Burma	+	+	—	+	—	+	+	+
Ceylon	+	+	+	+	+	—	+	—
China: Taiwan	+	+	+	+	—	+	+	+
Federation of Malaya and Singapore	+	+	+	+	—	—	—	—
India	+	+	+	+	—	+	+	—
Indonesia	+	+	+	+	+	—	+	+
Japan	+	+	+	+	—	+	—	—
Korea, southern	+	+	+	+	—	+	—	+
Pakistan	+	+	+	+	—	—	—	—
Philippines	+	+	+	+	—	+	+	+
Thailand	+	—	+	+	—	+	+	+
ECAFE region (excl. mainland China)	+	+	+	—	+	—	+	—

* Decline in assets includes effect of Japan's repayment of IMF loan.

The regional picture that emerges is clear. Aggregate resources declined through most of 1958 because a very small increase in industrial output and lower exports did not make up for a fall in agricultural output, and imports fell. Governments took a larger share of the resources available. The adverse economic situation reduced private investment, but the reduction was not big enough to balance the increased allocation to the government sector and only a reduced amount was left for private consumption. Further raids on supplies were made by hoarders, whose inventories tend to go up in periods of scarcity. The increased claim on resources made by government spending, and by speculative and export trade inventories, was reflected in government deficits and the expansion of bank credits. In other words, the transfer of resources was made possible by an increase in money supply. This in its turn led to a noticeable rise in the cost of living. The external imbalance continued and foreign assets declined, but their fall, which had been rapid in 1957, was slowed down by a reduction in import surpluses brought about by deliberate policy in the face of a fall in exports.

JAPAN: AN ILLUSTRATION OF RECESSION IN AN INDUSTRIAL ECONOMY

Unlike the less developed economies, Japan provides a classical example of downward readjustment in an industrially developed private enterprise economy. The decrease in general economic activity was started rather abruptly in May 1957 by a deliberate policy to restrict credit and curtail investment; there ensued in 1958 an unusually protracted period of what may

be called "creeping recession". In essence, this was a process of necessary adjustment to the preceding excess of investment and imports which characterized the boom period 1955-1956. In other words, the problem facing the Japanese economy in 1958 was the business cycle, and this cycle had much in common with the business cycles which have occurred in all the Western industrialized countries in the postwar period.

However, the rapidity with which the contractionary influences made themselves felt in the initial stage of the recession was peculiar to Japan. As early as in August 1957, hardly three months after the start of the tight-money policy, the levels of industrial production and wholesale prices were 6 per cent and 7 per cent respectively below their previous peaks. As a means of meeting the acute crisis in the international balance of payments, the contractionary policy bore fruit as early as in September 1957, when the balance began to turn into a surplus. It is possible that the peak of economic activity had already been reached and that natural forces were making for a downward adjustment; such forces might have contributed considerably to the effectiveness of the restrictive monetary policy.

Here, however, any parallel with the traditional concept of the normal course of business cycles ends. There was no further accelerated decline in business activities—only a slight decline until the end of the year in respect of both production and prices. Contrary to the prevailing view that it was an "inventory recession", there was no sign of inventory adjustment at this time. It is true that, at the initial stage of the recession, monetary measures forced

wholesalers and retailers to liquidate their excessive stocks of commodities very quickly. But the stocks of raw materials, including imported raw materials, in the hands of producers showed but a slight decrease in the latter part of 1957, and producers' stocks of finished goods continued to increase until they reached a peak in March 1958. This involuntary inventory accumulation shows that the fundamental cause of the recession was not confined to the sphere of commodity circulation, but was more deeply rooted in a certain imbalance between productive capacity and demand.

The downward turn in the inventory movements in March 1958 was preceded by a second trough in the curve of industrial production. By the spring of 1958, the Japanese economy appeared to have entered a new phase of the cycle, somewhat resembling a saucer, in which the relevant indicators of real economic activities followed a side-sliding course while prices continued to decline moderately. In this period also, the actual size of inventories was to a certain extent adjusted to the real situation of supply and demand; the stocks of finished goods tended to decline, whereas producers' stocks of raw materials began for the first time to be replenished. Correspondingly, the production curve began to move up again in May 1958, and this movement grew considerably stronger in the third and fourth quarters. In October, wholesale prices began to rise again, except for food prices which suffered their usual seasonal fluctuations. In the same month, new orders for machinery increased for the first time since the recession began. All these indicators may be interpreted as showing that, towards the end of the year, the Japanese economy had run across the horizontal base of the "saucer" and almost reached a new phase of upward movement.

To sum up, the Japanese recession in 1957-58 was characterized by three sub-phases: the first three months were a period of rapid economic decline, the brunt of which was borne mainly by the trade sector. During the subsequent seven months, the production sector showed a remarkable resistance, with the result that inventories of finished goods continually increased. In the following seven or eight months, a necessary inventory adjustment took place, but production did not display any marked downward tendency. This quasi-stability of productive activity was, however, perfectly compatible with a high degree of under-utilization of productive capacity, which had been expanded beyond economically justified limits by excessive investment in the preceding boom period.

The decline in prices, rather than a decline in the production curve, was instrumental in bringing about the adjustment. But this did not mean that the process of adjustment left the production sector untouched; on the contrary, many key industries suffered a fall in the rate of utilization of their capacity that amounted in some cases to 30 to 50 per cent.

In a classical business cycle, the initial shock of the monetary restriction develops into a downward spiral of production and prices; it is because this has not happened that all postwar recessions in the industrialized countries differ so fundamentally from typical prewar depressions. The highly industrialized economy of Japan is no exception. In fact, "depression" seems to have definitely been replaced by "recession" in the terminology of Western economists, while a new term "inventory recession" is used to describe the apparent process of adjustment which involves a simple change in the size of commodity inventories rather than in economic activity as a whole. However, it has already been pointed out that the present Japanese recession cannot be explained by inventory adjustments alone; these appear to have played an important part in the later "saucer" phase of the recession but do not seem to have been a causal factor. It was the more fundamental imbalance between supply capacity and demand which was responsible for the protracted process of "creeping recession".

A downward spiral in economic activity was avoided in Japan, as well as in all the postwar recessions of the Western countries, by the offsetting factor of consumer spending. It is a remarkable fact that personal disposable income in Japan not only maintained its level during the present recession, but actually continued to increase at a rate higher than the national income. In the middle of 1958, the urban income level was estimated at 6 per cent higher than in the corresponding period of the previous year, and disposable rural incomes were also about 5 per cent higher, thanks to rich crops and the government's price supporting policies. Accordingly, the national level of real consumption can be estimated to have continued to increase by at least the same rate as in the two preceding years, that is, by 4 per cent. The surprising rise in the propensity to save out of personal income did not prevent consumption expenditure from continually increasing in the midst of the recession. This is why the recession did not have a very unfavourable effect on the employment situation, or on the small- and medium-scale business which is pre-

dominantly associated with final consumption. In this connexion, however, it is important to note that consumption tends to follow the general course of economic activity only after a time lag. To a certain extent, the present strong position of consumption is a reflection of the preceding boom conditions, and sooner or later the protracted recession is bound to cast its shadow on future consumption. In fact, the recent movements in real wages clearly indicate that the tempo of increase in consumption expenditure is likely to slow down in the near future. There can be no reliance on continued high consumption if general economic activities do not recover within a short time.

As to other items of effective demand, the various components of private capital formation showed rather divergent and partly offsetting tendencies. The most sensitive and volatile element is, of course, new investment in inventories which usually fluctuates more violently than inventory stocks. The initial brunt of the restrictive monetary policy was naturally borne by inventory investment, but the absolute level of inventories did not fall proportionately, and excessive stocks continued to exercise pressure throughout the recession. In contrast to the drastically reduced inventory investment, investment expenditure on plant and equipment maintained a fairly high level, because the major part of the 1957 investment programmes was a continuation of projects planned in the boom period and an increased amount of public funds continued to pour into the basic key industries. In 1958, the reaction to the preceding over-investment was more pronounced, and equipment investment, which rose by about 20 per cent in 1957, as compared with 1956, was expected to fall by about 15 per cent in fiscal year 1958/59. Thus, the level of equipment investment, though reduced, was still higher in 1958 than in the boom year 1956. Another stabilizing factor was residential construction; this is estimated to have been 9 per cent higher in 1958/59 than in the previous year, although non-residential building activities suffered somewhat from the general decrease in productive investment.

In 1958/59, the government sector contributed considerably to the maintenance and growth of the scale of economic activities, in that government purchases of goods and services increased by almost 7 per cent over the previous year. The speeding up of public works expenditure and increase in public investment effectively supported final demand, and the cash balance of the government with the public in 1958/59 was expected to amount to a payment surplus of 270 billion yen, close to the record figure of

1955/56. Finally, foreign demand for Japanese exports in 1958 was surprisingly little affected by the world recession and the reduction in world trade. Japanese exports in 1958 were quantitatively larger than in 1957, although they were expected to bring in about 2.5 per cent less foreign exchange receipts. This stability in the quantum of exports was another factor which helped to maintain the volume of production at a relatively high plateau.

The fairly steady final demand enabled the Japanese economy in 1958 to escape the downward spiral which would otherwise have been unavoidable. The recession was prevented from cutting deeply into the body of the production structure. Industrial production in 1958/59 has been estimated at about 0.7 per cent above the 1957/58 level, based on an offsetting of the stagnation of the first half of the fiscal year by an expected rise of 7 per cent in the second half. This means, however, that the process of adjustment will take a much longer time and the creation of the conditions for real recovery will be considerably delayed. For one thing, the liquidation of excessive inventory stocks has been a very slow process. There has moreover been no serious attempt to liquidate the excess capacity of productive equipment, which increased at an annual rate of over 20 per cent during the last two or three years. At the end of 1958, almost 19 months after the adjustment process began, this excess capacity still continued to press hard on business profits. The standard solution of this problem has been, and still is, to reduce the rate of utilization of capacity; this may be a makeshift, but can never be a solution unless demand eventually becomes sufficiently enlarged. It was estimated that the average rate of operation in Japanese industry amounted only to 69 per cent of capacity in September 1958, whereas it was 80-85 per cent in the preceding boom period.

At exactly what phase of the cycle did the Japanese economy stand at the end of 1958? To answer this question, it is necessary to face squarely the fundamental problem of excess capacity. The excess capacity tends to leave what is being attempted in the way of inventory adjustment rather incomplete. The industries which put up the strongest resistance to cuts in production are those whose productive capacity had been enlarged most extensively. It is estimated that at the end of 1958 nearly half the industrial activities were operating without the necessary inventory adjustment having yet been completed. It will be some time before a considerable inventory investment can be taken up on a broad front. The pressure of the excess capacity will also delay a

renewal of equipment investment activities. In fact, private capital investment in plant and equipment is expected to continue to decline in 1959/60, perhaps by 4 or 5 per cent.

Excess capacity is not a phenomenon peculiar to Japan. In a recent analysis of the business recession in Great Britain, for example, it was said that the productive capacity was 18.25 per cent in excess, and that this excess would act as a deadweight on investment activity. But the effects of excess capacity on business decisions vary according to the capital structure of the country concerned. While the steel industry in the United States can probably operate at considerably below 70 per cent of capacity and yet break even, its Japanese counterpart can hardly go below that point because of the high cost of capital. In Japan, therefore, excess capacity is more apt to lead to acute oversupply. Unless the market assures a rise in profits, there is no incentive for a large-scale increase in investment expenditure, particularly in view of heavy concentration of industrial ownership and control.

One of the concomitant movements in the "saucer" phase of the business cycle was the increased slackness of the money market. Supported by the large payment surplus of the government sector, the increase in deposits in banks was three times greater in the first half of 1958/59 than it was in the corresponding period of the previous year. Since outstanding bank loans did not increase proportionately, commercial banks became less dependent on central bank credit. Meanwhile, the official discount rate was reduced twice, in June and September 1958. However, the easy money market tends to stimulate inventory accumulation more directly than equipment investment; while there is no immediate danger of inflation, the prospects of an immediate business recovery are not bright either.

The general situation at the end of 1958 is thus as follows: the process of inventory adjustment induced by the protracted recession has been partly accomplished, mainly with regard to stocks of raw materials. In some branches, such as copper, even stocks of finished goods have been reduced below the normal level. Supported by the still buoyant final demand, a large part of industrial production (about 40 per cent) is again enjoying an upward movement in the volume of output and sales. Prices have ceased to decline, and some signs of renewed investment activities in fixed equipment are visible. However, the adjustment has by no means been completely accomplished; in many lines of production, full

recovery is still hampered by excess capacity. Moreover, consumption demand, which has been the main factor preventing the downward spiral, could prove difficult to sustain.

The endogenous forces tending to refloat the economy are thus not decisive, and the future prospects for business recovery will depend upon exogenous conditions, mainly export demands and the government sector. The budget for 1959/60 proposes to achieve a considerable expansionary effect through tax reduction, increased public investment, and expenditure on social security. The cash balance of government transactions with the public is also expected to result in a payment surplus of 200 billion yen. But the expansionary effects of the public finance measures will be felt mostly in the latter part of 1959/60. Foreign demand for Japanese goods and services depends on the future course of the world business situation and on the relative competitiveness of Japanese exports. Without a detailed analysis, it is perhaps safe to conclude that Japanese exports are not likely to make a sustained recovery before the middle of 1959.

It seems highly probable that the Japanese economy is now approaching the end of the protracted process of painful adjustment. As analysed with the help of diffusion indexes, some advance indicators had already reached the bottom in the autumn of 1958. Since the statistically established time interval is about six months, there is a strong presumption that the new phase of recovery may start with vigour in the spring of 1959. If this should happen, the course of the cycle would comprise the hypothesis advanced by the Bank of Japan that the postwar business cycles in Japan have a periodicity of about 40 months. The foregoing analysis, however, points to several conflicting forces making for both upward and downward pressures and roughly in equal balance. The way in which this conflict is ultimately resolved may depend on exogenous factors rather than on forces generated within the economic system of the country. The business cycle still remains a major economic problem in modern industrialized economies. The structural changes that have fundamentally modified the shape of the business cycles in the postwar period still await a careful analysis.

Some comment may be made, from the point of view of growth and stability, on the relationship of the present phase of the Japanese cycle to the long-term growth line of the economy, as projected in the "New Long Range Economic Plan, 1958-1962". The recession in 1958 did not entail any actual fall

in the absolute level of economic activities, but only a decrease in the rate of economic growth. Despite the incipient recession, the actual rate of growth in 1957/58 continued to be high (9 per cent) and the real magnitude of gross national product in 1958/59 was estimated at 2.5 per cent above the previous year's level. It is significant that this 2.5 per cent rate of growth in gross national product was associated with a much lower increase (0.7 per cent) in industrial production. Past experience shows that this relationship is quite plausible in a depression, whereas in booms industrial production tends to increase much faster than real gross national product.

The events in 1958/59 may be related to the line of stable growth along which the economy was supposed to proceed at an annual rate of 6.5 per cent. Since the scale of economic activities in 1956/57 was some 4 per cent higher than the point indicated on this long-term line, the Japanese economy in 1958/59 has been brought considerably closer to the planned growth line, but is still above it. The difference is, however, so small that, if the economy grows at the rate of 5.5 per cent in 1959/60, as projected by the Government in December 1958, its position in 1959/60 will be slightly below the trend line. Such a growth in the next financial period would be perfectly possible if industrial production rose by 6.1 per cent. An even greater rate of growth might become feasible in the present conditions of excess capacity—simply by increasing the rate of operation of the existing capacity. If the endogenous forces making for recovery are not sufficiently strong, stimuli provided by public finance and the credit system may do the work. But, in that case, there would be a danger of an inflationary upswing that would be incompatible with stable growth.

Japanese planners are now in a position to project the future course of the economy, starting almost exactly from a position on the postulated long-term line of stable growth. Annual short-term planning needs to be consolidated with the more long-term projections without inconsistency. The task is a twofold one: to grasp the opportunity provided by the new economic motive power, so that a real recovery is achieved, and at the same time to keep the upswing under control, so that the economic growth approximates as closely as possible to the line of stable growth. There is no doubt that a sequence of excessive expansion and ensuing contraction constitutes a waste of resources, even though the result may be a very rapid growth of the economy. The recent Japanese experience illustrates the problems involved in reconciling growth with stability in what is essentially a private enterprise economy.

MAINLAND CHINA

Allocation of Resources

Official estimates of national income in 1952-1956¹ and the draft budget released in February 1958² provide some basis for a rough assessment of the allocation of resources and supplies in mainland China in the year under review.

The share of domestic capital construction in government (central and local) expenditure, which averaged 40.8 per cent during 1953-1956, reportedly declined slightly to 40.5 per cent in 1957 and then rose to 43.9 per cent of a somewhat larger total³ in 1958.

If the share of government expenditure in national income may be assumed to have remained more or less unchanged at 30 per cent⁴ in 1957 and 1958, domestic capital construction within the framework of the state budget may be estimated at 12.2 per cent of the national income in 1957 and 13.2 per cent in 1958.

The state budget for 1958 (as published in February) does not separate capital expenditures from current expenditures. However, of the categories given in the budget, it may be presumed that defence, administration, and probably "other" fall under current expenditures; that loan service and external aid come under capital expenditures, and credit loan

¹ The national income data for 1952-1956 are analysed in an article on "China's national income", in *Peking Review*, 8 April 1958. The concept of national income governing the official estimates of mainland China is that of material product which is defined as the total value of material goods and productive services produced by the economy in the course of the year. Specifically the estimates cover the following economic activities: agriculture, mining, manufacturing, construction, goods transportation and trade. Economic activities not contributing directly to material production such as public administration and defence, personal and professional services and similar activities are not included.

² The 1958 budget, first released on 1 February 1958 ("Report on the implementation of the state budget for 1957 and the draft state budget for 1958" by Li Hsien-nien, Vice-premier and Minister of Finance, to the 5th session of the 1st National People's Congress), must have undergone considerable revision because of the surge of agricultural and industrial production which took place in the latter half of the year. The communiqué issued by the Central Committee of the Chinese Communist Party on 17 December indicated that government receipts in 1958, originally budgeted at 33.2 billion yuan, were estimated to have increased by 14 billion yuan, or 42 per cent, and government capital construction expenditure by 51 per cent, to 22 billion yuan. In a NCNA despatch from Peking dated 30 December 1958 the year's capital construction expenditure total was further raised to 23.5 billion yuan, of which 66 per cent was for industry and 12 per cent for agriculture, forestry and water conservancy. (It is not known to what extent these increments reported in 1958 include the imputed value of labour contributed without extra compensation on the rapidly growing local projects). For the present analysis, however, the February budget is used because later estimates for other budgetary items are not available.

³ Reported at 33,198 million yuan in the 1958 budget, as against 30,549 million yuan in 1957.

⁴ Total government receipts and expenditures in 1952-1956 are given as 121,505 and 122,828 million yuan respectively, and the former are estimated at 30 per cent of the national income (*Peking Review*, 8 April 1958).

fund and general reserve probably also under capital expenditures; and that the remaining categories—economic construction and social development—contain varying proportions of both current and capital expenditures. If, for these two important categories, current expenditures can be identified with "operating expenses", and capital expenditures with the remainder, the six categories of capital expenditure in the 1958 state budget may be roughly classified as follows (in billion yuan):

Capital accumulation (domestic)	16.57
Economic construction*	13.87
Social development*	0.71
Credit loan fund	0.80
General reserve	1.19
Net lending abroad	1.03
Loan services	1.03
Donations	0.45
External aid	0.45
Total capital expenditure	18.05

* Derived from figures given for total expenditure, capital construction expenditure and operating expenses.

Capital expenditures on economic construction, social development, credit loan fund and general reserve may be considered as expenditures for "capital accumulation";¹ the total of these items represents about 15 per cent of the national income. Allowing for changes in economic conditions, the share of total capital accumulation in national income, reported at 22.5 per cent in 1956, might be estimated at about 21 per cent in 1957—a year of retreat from the 1956 boom—and at possibly about 24 per cent in 1958—the year of the "great leap forward". If it reached approximately that level, then 9 per cent of the national income was for capital accumulation outside the state budget in 1958.

Price movements

The February draft economic plan for 1958 envisaged a total supply of saleable output valued at 50 billion yuan, as compared with a total purchasing power of 49.4 billion yuan; this was designed to ensure the stability of the market and of commodity prices while permitting the state commercial departments to hold a certain amount of goods in reserve. Since agricultural and industrial production has risen much faster than was expected in the February plan, the targets originally fixed must have been raised considerably.

The domestic market is reported to have been brisk as a result of the expansion in production and capital construction. The amount of both state procurement and retail sales increased greatly. Market prices were reported as stable, with a slight drop in the retail price of manufactured goods sold by the

¹ For use of the term, capital accumulation, in mainland China statistics, see *Economic Survey of Asia and the Far East*, 1957, p.106.

state and a slight increase in the purchasing price of agricultural products which the state bought from the peasants. The retail price index for 29 major cities was reported to have dropped in 1958 by 0.9 per cent.²

The rate of change in the volume of retail sales during 1958, as compared with the corresponding periods of 1957, was given as —1 (minus one) per cent in the first quarter, 4.3 per cent in the first half year, and 11.4 per cent in the first nine months. In the nine-month comparison, the rise in retail sales of consumer goods was 3.3 per cent while for agricultural means of production it was 120 per cent.³

Comparing the sales of principal commodities during the first half of 1958 with those in the same period in 1957, sales of grain increased by 2.2 per cent, pigs by 1.2 per cent and sugar by 9.8 per cent.

Rationing, supply system and wages

In the first half of 1957, the wholesale price index (1952=100) went up to 100.7 from 99.2 for 1956. This was because production slowed down. Rationing of essential commodities—foodgrains, edible vegetable oil, meat, sugar and cotton cloth—continued,⁴ and the *per capita* ration of some items was reduced. The cotton cloth ration, for example, was lowered from 6.2 metres *per capita* in 1956/57 to 6 metres *per capita* in 1957/58.⁵

In 1958, the size of *per capita* rations of different commodities appeared to have remained more or less the same as in 1957, but the system of distribution was altered, with wages in the communes being partly paid in kind. According to official statements, this payment in kind injected into the national economy an element of communism, "from each according to his ability, to each according to his needs". (A previous attempt to pay some public employees in kind was found to be too complicated and was abolished in July 1955). In Honan province, 924 communes, or 70 per cent of the total, had introduced one of three new alternative supply systems by the end of August. Under the grain supply system, free

² NCNA, Peking, 31 December 1958.

³ Quarterly progress reports by the State Statistical Bureau, in *Peking Review*, 29 April 1958 and 12 August 1958 and NCNA, Peking, 30 September 1958.

⁴ For the extent and coverage of the rationing, see *Economic Survey of Asia and the Far East*, 1957, pp.104-105.

⁵ Exports of essential commodities to the Soviet Union, mainland China's largest trading partner, also had to be cut considerably, as shown below:

Mainland China's export of essential commodities to the Soviet Union, 1956-1957 (in million roubles)

	1956	1957
Rice, cleaned	257	102
Meat and products	253	135
Edible vegetable oil	103	53
Textile fibres other than wool	149	101

Source: Soviet trade data quoted in *Three Monthly Economic Review*, op.cit.

grain rations for all members are supplied to the commune, according to the grain supply standard set by the State. Under the food supply system, the commune undertakes to provide all its members with meals in public mess halls, and the commune pays for rice, vegetables, edible oils and firewood. Under the third system, "essential needs" are supplied, these being defined according to the economic condition of the commune and the consumption standards of its members. For instance, some communes provide "seven things"—food, clothing, housing, maternity care, education, medical care, and wedding and funeral services. Other communes include items such as haircuts, baths, theatre and cinema shows and heating, or their cash equivalents.

Payments which a commune member receives in kind and in cash are said to vary in the following proportions under the three systems:¹

**Distribution of income of commune members
between wages and payment in kind
(in percentages)**

	Payment in kind	Wages
Under grain supply system	50	50
Under food supply system	60	40
Under essential needs supply system	80	20

The over-all purpose of these new supply systems appears to be to mobilize savings while still maintaining some improvement in the living standard of commune members.

In the Weihsing People's Commune, which follows the grain supply system, it was proposed that the total gross annual income of the Commune should be distributed in following proportions (percentages). Two alternative assumptions were made as to yearly gross income—progressive (¥14 million) and conservative (¥9.2 million):

	Progressive	Conservative
1. Deductions (tax, production expenses, administrative expenses, etc.) . . .	18.4	18.6
2. Accumulation (grain reserves, general reserve fund, emergency fund, etc.)	57.8	54.5
3. Distribution (grain rations, wages and bonuses)	23.8	26.9
TOTAL	100.0	100.0

Workers were divided according to their skill into eight groups, with money wage income varying accordingly, as follows:

Labour group	Proportion in total labour force (percentage)		Wage points
	I	II	
I	8.0	4	4
II	14.7	5	5
III	21.0	6	6
IV	25.0	7.5	7.5
V	18.2	9	9
VI	11.8	10	10
VII	1.1	12	12
VIII	0.2	15	15

¹ *Ta Kung Pao*, Peking, 29 September 1958.

Under the conservative income assumption, each class VII worker was said to be able to earn ¥7.60 (or \$3.23 at the official rate of exchange), and each class I worker about ¥2.00 a month. In addition, bonuses were to be paid to 40-60 per cent of the commune members for: (1) being obedient and hard-working; (2) having a good production record; (3) taking good care of public property and fighting against bad men and bad things at all times and in all places; (4) being progressive in thinking, diligent in technical studies and able to promote technical innovations; (5) having an attendance record of 28 days or more a month.²

In the Hsuanchuang People's Commune, Fengjen County, Hopei province, the yearly gross income was to be distributed among the three major categories as follows:

1. Deductions			
Production expenses	13.8		
Taxes and loan repayment . . .	5.6	19.4	
2. Accumulation			
Welfare fund	3.8		
General reserve	34.8		
Grain reserve	7.0	46.6	
3. Distribution to members			
for consumption	34.0		
		TOTAL	100.0

Each commune member would be paid 55 per cent of his income in supply and 45 per cent in wages. The average yearly income per member for the 50,365 members in the commune was estimated at ¥67.³

In the previously mentioned resolution on "Some questions concerning the people's communes" adopted by the Central Committee of the Chinese Communist Party on 10 December 1958, it was stated that, in order to speed up production, the proportion of gross income going to accumulation, after production costs, administrative expenses and taxes had been deducted, should be appropriately increased." "But, on the basis of the development of production, the portion of income needed to meet the individual and collective expenses of commune members (including the portion spent on public welfare, culture and education) should be increased annually, in order to improve the livelihood of the people year by year." It was also stated that "the proportion of wages and free supplies in the total amount allotted to members should be determined in the light of the varying conditions of development of production in the communes. At present, in fixing the ratio between wages and free

² *People's Daily*, 20 September 1958.

³ *Ta Kung Pao*, Peking, 25 October 1958.

supplies, care should be taken to avoid as far as possible reducing the income of households that have relatively few members but are strong in labour power; in general, it should be made possible for more than 90 per cent of the members to increase their income compared with the previous year while the rest should get no less than in the previous year."

In the cities, where all wages are now paid in money, the gain in industrial production has favoured the piece-wage workers, whose earnings have gone up with production, while the earnings of workers paid by the hour have remained more or less unchanged. According to statistical returns from three shops of the Diesel Engine Plant in Shanghai, the wages earned by piece-wage workers rose above their basic wages by 23.3 per cent, 37.4 per cent and 49.1 per cent in February, and by 42.2 per cent, 61.1 per cent and 78.9 per cent in April. In Shanghai, the actual income earned by piece-wage workers in

lathe plants, electric machinery plants and the dock-yard is reported to have exceeded their basic wages by 100 per cent in many cases. This is alleged to have impaired the morale and enthusiasm of piece-wage workers as well as hour-wage workers; some piece-wage workers "will stop work when they have exceeded their basic wages to a certain extent because they are afraid of being ridiculed for trying to get more wages. Yet, if they do not do more work, their target can hardly be reached."¹ "In this situation in which piece-wages can no longer give an impetus to production but hinder production, it is entirely correct for the workers to propose abolition of the piece wages and introduce hour wages."² The official party line on the question is not yet clear, but it seems likely that some change in the system will be made.

¹ *People's Daily*, 16 October 1958.

² *Ibid.*, 17 October 1958.

PART II. REVIEW OF POSTWAR INDUSTRIALIZATION

INTRODUCTION

Success in the historic effort to raise standards and levels of living with the help of industrialization¹ depends on the effective mobilization of human resources, the utilization of raw materials and energy, the accumulation of capital at home and the inflow of additional resources from abroad. The difficulties to be surmounted in the process of industrialization are formidable, and notably so in the under-developed countries of Asia.

The amount of entrepreneurship and skilled industrial labour inherited from the earlier period was generally meagre. With the exception of Japan, and to a lesser extent India and China, Asian countries before the Second World War had hardly any experience in running modern industry. Apart from coal, petroleum, tin, iron and certain other ores, sources of energy and minerals were almost untapped. Practically the only manufacturing industries were those established for processing food and agricultural raw materials. Domestic capital accumulation was

handicapped by the low level of income, and foreign investment flowed into only a limited number of immediately profitable or strategically important fields.

In all these respects, radical changes were necessary, and most of the new governments decided that they would have to promote and assist industrial development in order to bring such changes about. In mainland China, the entire economy has been socialized. In India, and a few other countries, the governments have started (directly or through state enterprises) to establish and operate key industries. Some governments which in principle favour private industry have also set up or inherited certain manufacturing industries, but with a view (already realized by now in a few instances) to selling them subsequently to private enterprise. However, in the majority of the countries of the region, state participation has been mostly confined to the provision of basic economic and social services, and to the encouragement of private enterprise in the industrial field proper. This encouragement has usually taken the form of technical training, research facilities, finance, tax concessions, subsidies, protective tariffs, trade and exchange control, and export promotion.

No country in the ECAFE region has been without outside help. Foreign assistance has been given on an unprecedented scale and, in some cases, in new forms.

The first chapter of this review examine the main motives, means and policies of industrialization in postwar Asia. In subsequent chapters, the results of industrial growth are described and assessed.

Chapter 4

EFFORTS TOWARDS INDUSTRIALIZATION

FORCES MAKING FOR INDUSTRIALIZATION

The primary cause of the postwar determination to raise standards of living by means of industrialization has been the achievement of political sovereignty, with the possibilities and obligations that this entails. By 1957, apart from the British territories in Borneo, Hong Kong and Singapore, the ECAFE region consisted wholly of countries free to shape their own economic destiny. The industrialization drive has been one of the important expressions of that freedom. Leaders have seen the opportunity to establish a more stable, more productive, economically independent and modern state. The rising expectations of vast number

of people in Asia, based largely on the demonstration of continuous economic growth and rising standards of living in the West, have sharpened the need to fulfil the economic promise that political freedom offered.

Population pressure may be considered the second basic impelling factor. All other considerations aside, the rising curve of numbers, which in many countries aggravates the already prevalent unemployment and underemployment, is enough in itself to make economic development, particularly industrialization, necessary. The density of population in the ECAFE region is among the highest in the world today, and the

¹ The present review will use concepts similar to those in the report of the fourth session of the ECAFE Working Party on Economic Development and Planning, held in Bangkok in September 1958. "The Working Party agreed that, for the purpose of its discussions, the term 'industrialization' should be taken to mean the growth of manufacturing industry. The process of industrialization was generally associated with mining and involved the growth of other forms of economic activity, some of which, e.g. basic facilities such as power, transport and communications, might well be regarded as prerequisites." (See United Nations, *Economic Bulletin for Asia and the Far East*, Vol.IX, No.3, December 1958, p.57). In other words, manufacturing is the hard core of industry, but mining, or at any rate the processing of minerals, as well as most construction, can hardly be excluded, and the development of such factors as power and transport must be regarded as essential parts of the same dynamic industrialization process.

population is growing at a rate of 1.7 per cent a year (1957 estimate).¹ If standards of living, already miserably low for most Asians, are not to fall still lower, new employment opportunities must be found outside of agriculture. Diversification clearly is essential, and industrialization—whether narrowly or more broadly conceived—is generally regarded as the only promising outlet for the “surplus” labour.

POLITICAL CHANGES

Before the Second World War, Afghanistan, China, Iran, Japan, Nepal and Thailand were the only sovereign states in the ECAFE region. Twelve years after the end of the Second World War, the number of sovereign nations in Asia had risen from six to seventeen.² Changes in the system of government were of course not confined to the countries just achieving their sovereignty. Even in the six countries where independence was not a new thing, especially in China, political events moved rapidly and with far-reaching consequences.

In the economic field, the most conspicuous repercussion has been the emergence of development planning, with higher *per capita* income as its goal and a diversification of production (and consequently diminished reliance on the export of a few primary products) as the main means to that end. In nine of the eleven newly independent nations, as also in most of the other countries of the region, four- or five-year plans are in various stages of implementation.

¹ In all quantitative estimates for the ECAFE region given in this review, mainland China is included unless otherwise indicated. Regarding difficulties in verifying data from mainland China, however, and in making comparisons with other data, see footnote to chapter 1, p.15, above.

² In August 1945 Korea was freed from Japanese control but the subsequent breakdown of negotiations between the occupying powers led to partition of the country. On 15 August 1948, the Republic of Korea was established south of the 38th parallel, and on 12 September the Korean People's Republic was proclaimed in the north. The war of 1950-1953 further deepened this division. The Philippines, by agreement with the United States, achieved independence under a proclamation issued on 4 July 1946. By decision of the British Parliament, India and Pakistan became independent on 15 August 1947, Burma on 4 January 1948 and Ceylon on 4 February 1948. Burma became a republic at once, India on 26 January 1950 and Pakistan on 23 March 1956, whereas Ceylon still maintains a constitutional link with the British crown. The last three countries have retained their membership of the Commonwealth. In Indonesia, independence was declared on 17 August 1945, but complete sovereignty was not transferred by the Netherlands to the Republic of the United States of Indonesia until 28 December 1949. On 15 August 1950, the unitary Republic of Indonesia was established. Cambodia, Laos and Viet-Nam became associated states of the French Union on 19 July 1949, and, after a gradual transfer of powers, attained full sovereignty by the Paris Agreements of 29 December 1954. However, under the Geneva Agreement of 20 July 1954, Viet-Nam was divided at the 18th parallel. In the north, the Democratic Republic of Viet-Nam, which had been declared in 1945, came into being; in the south, the Republic of Viet-Nam was proclaimed on 26 October 1955. The Federation of Malaya was separated from the Malayan Union on 1 February 1948, and became a fully self-governing and independent member of the Commonwealth on 31 August 1957.

Some of these plans—for example, those of China (Taiwan and mainland), India and also Iran—are already second plans.

These plans differ considerably in their scope and contents. Some consist mainly of projected expenditures for rehabilitating and developing transport and communications. Others are more comprehensive, and seek to bring about an integrated development of the economy as a whole by means of a systematic development of the various economic and social sectors such as agriculture, transport and communications, power, mining, manufacturing, health, education and other services. Naturally, the emphasis placed on one or several of these aspects varies from plan to plan. Countries like China (both Taiwan and mainland) and India attach particular importance to bringing about rapid industrialization, and a strong emphasis on industrial development is evident in their plans. The Long-range Economic Plan of Japan, which is essentially a projection of that country's economy rather than a programme subject to close control, also points to a substantial further growth of industry in the immediate future. On the other hand, several countries—Afghanistan, Burma, the Federation of Malaya, Nepal and southern Viet-Nam—are spending and proposing to spend a great deal more on infrastructure than on actual development of industries. This is necessary if they are to provide adequate basic facilities for industrialization.

On the whole, there is little doubt that most of the current economic development plans look toward industrial development as a principal means or strategic element for bringing about the desired economic growth. The variations in emphasis evident at the moment reflect not so much any disagreement over this point as they do differences in the resources, conditions and historical development of the countries concerned.³

POPULATION PRESSURE

Population pressure is by no means just a matter of population density, since two countries with the same population density may differ greatly in their stage of development and productivity, and hence in their capacity to support a large population. Moreover, none of the existing data on population density is wholly satisfactory. A simple ratio of persons to total land surface ignores differences in the usability

³ A more detailed account of the programmes of industrialization included in the various economic development plans is given at the end of the next chapter. See also the summary analyses of these plans in United Nations, *Economic Survey of Asia and the Far East*, 1956 and *Economic Bulletin for Asia and the Far East*, November 1956, November 1957 and December 1958.

of the land. A ratio of persons to arable land may be deceptive since, among other things, available figures generally show arable land as equivalent to land regularly cultivated or used and thus disregard the extent of unused but inherently cultivable land. Neither ratio, of course, tells us anything about the value of forest or mineral resources, or the extent to which livelihood may also be gained from adjacent waters. Notwithstanding these qualifications, it is clear that population density in most parts of the region is already high. Per square kilometre of total land area, the region's average density of population, 69 in 1956, was below Europe's average of 84, but far above the world average of 20. Figures for some of the more densely populated countries of the region in 1956 follow:

China: Taiwan	257
Japan	243
Korea, southern	225
Ceylon	136
India	118
Pakistan	88
Viet-Nam	81
Philippines	74
China: mainland	64*
Nepal	62
Indonesia	56

Source: United Nations, *Demographic Yearbook*, 1957.

* This figure conspicuously understates population pressure in mainland China. Density per square kilometre of arable land is 568 and, although additional land is capable of being cultivated, there are vast stretches (in Inner Mongolia, Sinkiang and Tibet) of which this can hardly be said.

Not only is the population density high, but the average rate of growth per annum has increased from 1 per cent in 1920-1950 to 1.5 per cent in 1950-1956 (1.7 per cent in 1957) as compared with 1.7 per cent in North America in 1950-1956 and 0.8 per cent in Europe. This recent increase is attributed mainly to the decline in mortality. In the countries where this decline has been most pronounced, the rates of natural increase during 1954-1956 were far above the regional average:¹

A 2.6%—4.0%	B 1.8%—2.5%	C 1.1%—1.6%
Cambodia	British Borneo	Burma
Ceylon	China: mainland	India
China: Taiwan	Indonesia	Japan
Federation of Malaya	Laos	Korea, southern
Hong Kong	Pakistan	Nepal
Philippines	Thailand	
Singapore	Viet-Nam	

Further shifts from group C, i.e. from countries below the regional average, to group B and from B to A are likely to occur if the fertility rate does not fall. So far, only Japan has experienced a marked decline in the live birth rate.

¹ "Population trends and related problems of economic development in the ECAFE region", to be published in *Economic Bulletin for Asia and the Far East*, June 1959.

Changes in the demographic structure must also be considered. The rapid growth of population results in a high proportion of dependents, especially of those below 15 years of age. In some ECAFE countries, there are already at least three dependents to every four persons of working age, and in the Philippines and China: Taiwan, the ratio is about 1:1, whereas in the industrialized countries of western Europe it is only 2:3. As there are virtually no emigration outlets, the heavy pressure resulting from the combined effects of population density, population growth and a high dependency ratio strongly reinforces the need for industrialization.

GOVERNMENT AID TO PRIVATE ENTERPRISE

In any analysis of industrialization in Asia up to this point, great importance must be attached to the part that governments have played. With a view to initiating or accelerating industrialization (and economic development in general), governments of the region have both aided private enterprise and assumed the entrepreneurial role themselves. Moreover they have undertaken over-all programmes of industrial development. External public aid has also been widely used in this connexion.

The more important forms of government aid to private enterprise include the provision of industrial credit, tax concessions and subsidies, aids to domestic marketing and transport, protection and encouragement through tariffs and trade and exchange control, export promotion, technical training, and promotion of entrepreneurship.

PROVISION OF INDUSTRIAL CREDIT

Before the Second World War, the supply of long-term industrial finance was quite limited in all countries of the region except Japan. In recent years, many governments have created financial corporations which canalize public and private funds towards industrial investment. These bodies confine their activities to the provision of long-term credit, and they do not, as a rule, set up or operate enterprises. A brief review of developments along these lines in various countries known to have such institutions follows.²

In Ceylon, the Agricultural and Industrial Credit Corporation, established in 1943, was the only financial institution providing long-term loans to industry until 1955. In 1954, it granted only Rs 0.2 million

² No separate long-term financing institution has been established in mainland China, since the State provides for industrial development expenditure through the national budget; short-term credit is extended by the People's Bank.

for industrial purposes as against Rs 4.9 million for agriculture.¹ In 1955, the Development Finance Corporation was established as a non-governmental agency but with the assistance of an interest-free state loan of Rs 16 million.

The Government of India established the Industrial Finance Corporation (IFC) in 1948. Its capital of Rs 100 million was subscribed mainly by the Central Government and the Reserve Bank of India. The Corporation was designed to provide medium- and long-term finance for public companies and for co-operative societies engaged in manufacturing, mining and power production. Although it is authorized to underwrite capital issues and guarantee loans to private concerns, its activities so far have been limited to credit provision. By the end of June 1957, its total loans amounted to about Rs 550 million, of which approximately 60 per cent was lent to new undertakings. In order to take care of small and medium-scale enterprises, the National Small Scale Industries Corporation was organized. 13 State Financial Corporations were established under the State Financial Corporations Act of 1951; the number was reduced to 11 in 1956/57, owing to reorganization of states. During 1953/54-1956/57, they had a combined capital of Rs 123 million and issued loans totalling Rs 113 million.² In addition, in January 1955, the Industrial Credit and Investment Corporation (ICIC) was organized with an initial capital of Rs 250 million, provided by Central Government loans, domestic and foreign private capital, and a credit from the World Bank. Its purpose was not only the issue and underwriting of loans, but also equity investment in private enterprises, and the attraction of foreign capital. So far, however, ICIC has concentrated on lending rather than direct investment; during its first two years, it issued 25 loans totalling Rs 60 million, of which only eight, totalling Rs 6.8 million, were direct investments.³

Indonesia, prior to the establishment of the *Bank Industri Negara* (Indonesian State Bank for Industry) in 1951, the *Bureau Herstel Financiering* (Bureau for Financing Reconstruction) was organized in 1948 as a department in the Ministry of Finance and made responsible for the supply of long-term credit for industrial reconstruction. The Bank took over the

operation of the Bureau, which had lent in four years a total of Rp 52 million to 31 enterprises. Although originally designed as a finance institution assisting the reconstruction of war-devastated plantations, factories and mines, the Bank invested heavily in new industries from the beginning. By the end of 1955, it had issued loans of only Rp 152 million, but had directly invested Rp 120 million in equity capital and Rp 224 million in loans to enterprises fully controlled by the Bank.⁴ This pattern has recently been changed; at the end of 1956, the Bank's outstanding loans and advances amounted to Rp 1,061 million, and its direct investments to Rp 162 million.⁵ The Bank manages enterprises established or controlled by the Government.

The Government of Iran organized the Industrial Finance Bank in 1956 to encourage private capital in establishing industrial and mining enterprises by advancing long-term loans at relatively low interest rate.⁶

In Japan, long-term industrial credit had been supplied by government institutions, up to the time when the commercial banks were able to satisfy the demand. Between 1934 and 1936, however, the commercial banks already supplied 91.4 per cent of the long-term credit extended to industry and the Government only 0.9 per cent; moreover, industrial enterprises provided 86 per cent of their capital themselves.⁷ In the early postwar years, the Government again took the lead, and the proportion of total long-term government credit extended to all sectors, including agriculture and fisheries, rose to 40.4 per cent in 1949. Although by 1951 it had fallen again to 15.3 per cent, in that year the government-owned Japan Development Bank was established and made the principal supplier of industrial funds. It was empowered to borrow from the World Bank, to guarantee certain foreign investments in Japanese industrial enterprises, and to take over the operation of the funds of the Reconstruction Finance Bank and the United States aid counterpart fund. By February 1958, its outstanding loans amounted to ¥416 billion.⁸

¹ Planning Secretariat, Government of Ceylon: *Six-Year Programme of Investment 1954/55 to 1959/60*, Colombo, 1955, p.271.

² The Reserve Bank of India, *Report on Currency and Finance for the Year 1956-1957*, pp.162-163.

³ The Economic Development Institute, International Bank for Reconstruction and Development, *Development Banks*, The Johns Hopkins Press, Baltimore, 1957, p.116.

⁴ Bank Industri Negara: *Report on First Five Years of its Existence, April 4th 1951-April 4th 1956*, Djakarta, 1956, pp.10-11, 14-15.

⁵ Bank of Indonesia, *Report for the year 1956-1957*, p.91.

⁶ United Nations, *Economic Development in Middle East, 1955-1956*, p.27.

⁷ Shigeto Tsuru: "Internal Industrial and Business Trends", *The Annals of the American Academy of Political and Social Science*, Philadelphia (Pennsylvania), November 1956.

⁸ The Bank of Japan: *Economic Statistics Monthly*, March 1958, p.74.

Other major institutions established by the Government for supplying long-term credit to private industrial enterprises are the Export-Import Bank of Japan, the People's Finance Corporation, the Small Business Finance Corporation, the Hokkaido and Tohoku Development Finance Corporation. Although the Export-Import Bank has concentrated on long-term financing of exports—mainly ships and rolling stock (¥51.5 billion or 89.8 per cent of the total loans in 1956/57)—it has had a powerful effect in stimulating activities in related manufacturing industries.¹ The Hokkaido and Tohoku Development Finance Corporation, established in 1956, is expected to play a significant role in pioneer development. In 1957, its total loans exceeded ¥11 billion, as compared with ¥34.3 billion lent by the Development Bank.

In Korea, at the end of the Second World War, there was only one long-term investment bank, which operated under government control. However, it engaged only in ordinary banking transactions until it was reorganized in 1954 as the Korean Reconstruction Bank and empowered to make long-term loans supported by debentures purchased by the Bank of Korea and the United States aid counterpart fund. By 31 August 1957, 78.4 billion hwan had been lent for manufacturing, irrigation, electric power, coal mining and other purposes. Of this total, 71 per cent was supplied by the Government, and the remainder by the United States aid counterpart fund.²

The Pakistan Industrial Finance Corporation was established in 1949 with an authorized capital of Rs 30 million. The Government holds 51 per cent of its capital and guarantees its shares with respect to a minimum dividend and the repayment of principal. The Corporation is empowered to (i) grant loans and buy debentures, (ii) underwrite the issue of shares, bonds or debentures, (iii) guarantee loans raised by industrial concerns and (iv) accept deposits. The total financial assistance extended by the Corporation during its first eight years amounted to Rs 111.2 million.³ So far, over half of the total loans have been issued to the cotton textile industry.

The Philippine Government established the Rehabilitation Finance Corporation in January 1947 with an authorized capital of P300 million. The

Corporation has so far concentrated on granting loans, although it can also issue and underwrite bonds and debentures. At the end of 1956, its total loans outstanding amounted to about P460 million, of which industry accounted for 32 per cent.⁴

In Thailand, the Industrial Bank has been empowered to extend medium- and long-term loans to industrial enterprises, but its scale of operation is very limited.

The Government of the Federation of Malaya is engaged in establishing an Industrial Development (Finance) Corporation with the aid of private banks, insurance companies and Malayan Developments Ltd. (the local subsidiary of the British Colonial Development Corporation).

Small-scale enterprises are usually at a great relative disadvantage with respect to credit facilities. In particular, they do not have easy access to the capital market and their credit-worthiness does not often satisfy the rigorous requirements of the financial institutions. To deal with this problem, the State Bank of India has set up a pilot scheme in 36 centres; applications for working capital are considered by the State Bank and the co-operative audit agencies, while those for medium- or long-term capital are sent to the State Financial Corporations. Also, the National Small Industries Corporation undertakes to guarantee the losses which may be incurred by banks in advancing credits to small enterprises, up to a total of Rs 25,000 for each individual undertaking. In Japan, the Small Business Finance Corporation, a government institution, provides smaller undertakings with long-term funds. The People's Finance Corporation, another government financial institution, provides funds for small-scale business experiencing difficulties in securing funds from city banks. Credit insurance, which provides a government guarantee to financial institutions and to the Credit Guarantee Association against possible losses from the default of smaller industries, facilitates the approach of small-scale business to credit institutions. In Pakistan, credit is extended by the Government through the Small Industries Corporation with a very broad mandate for aiding the development of small-scale enterprise. In the Federation of Malaya, the Rural and Industrial Development Authority (RIDA) aims at raising the standard of living in rural areas by granting loans for the development of cottage industry.

¹ Ministry of Finance: *Banking Bureau's Annual Review of Finance*, 1957, p.130 (in Japanese).

² Ministry of Reconstruction, *Reconstruction Monthly*, Seoul, October 1957, p.71.

³ Pakistan Industrial Finance Corporation, *Eighth Annual Report*, Karachi, 1957.

⁴ Central Bank of the Philippines: *Eighth Annual Report*, 1956, Manila, 1957, p.144.

TAX CONCESSIONS AND SUBSIDIES

Under-developed countries often have a difficult course to steer as between increasing their taxes so as to finance development, and reducing them or granting subsidies to provide incentives for new industries.

Afghanistan, in implementing its five-year development programme of 1949/50 to 1953/54, granted three years' tax exemption to industrial enterprises, with reduced rates and liberal depreciation allowances thereafter.

In Ceylon, newly sponsored government corporations are exempted from profit tax for five years, and the profits of new private industrial undertakings are taxed at a reduced rate. In 1955/56, initial depreciation allowances were increased to encourage investment in plant and machinery; furthermore, to encourage the modernization of industry, tax concessions were granted to new undertakings using electric energy and employing more than 25 persons.

In China: Taiwan, the income tax law as revised in December 1955 gave a three-year tax exemption to newly established public utility, manufacturing and mining enterprises and big transport undertakings, as well as to old industrial enterprises with respect to income obtained from a 30 per cent or more expansion of output.

In India, five years' tax exemption was granted in 1948 on income from new industrial undertakings which employed at least 20 persons or were run with the aid of power and employed ten or more persons, and a liberal depreciation was allowed in existing industrial enterprises of the same kind. In 1948/49, the income tax on business profits was reduced from 16½ per cent to 10 per cent; in 1950/51 the business profits tax was abolished. In 1953, partial exemption from income tax was given to companies engaged in specified types of manufacturing. Apart from giving tax concession, the Government subsidized industries producing caustic soda, aluminium and soda ash out of revenue derived from protective tariffs on these products, although the amount granted declined progressively from Rs 9 million in 1951/52 to Rs 0.9 million in 1953/54. Substantial subsidies were also given to the shipbuilding industry.

The Government of Japan granted large subsidies to various key industries during the early postwar period of rehabilitation from 1947 to 1949. The coal mining industry received ¥58.3 billion, iron and steel ¥15 billion.¹ In 1950-1951, in order to stimulate the

modernization of machinery and equipment, industrial enterprises were allowed to speed up the rate of depreciation and to increase the proportion of profits allocated to reserves.²

In Pakistan, industrial undertakings set up between 1947 and 1955 which used electricity and employed more than 50 persons were exempted from normal income tax and supertax on profits for the first five assessment years. At present, profits from new industrial enterprises are partially exempted from income tax and entirely exempted from estate duty. Capital goods imported are also granted exemption from sales tax. In addition, special rates of 15 to 25 per cent are allowed on depreciation of buildings and machinery in new industrial enterprises, and concessions are given to private income derived from investment in public companies.

In the Philippines in 1946, four years' exemption from all internal revenue taxes was granted to persons, companies or corporations engaging in a "new and necessary" industry; in 1953 the exemption period was extended to ten years.

AID TO DOMESTIC MARKETING AND TRANSPORT

Very little has been done by governments in the ECAFE region to assist private enterprises in marketing industrial products at home. Help to small-scale and cottage industries (which are discussed in the next chapter) is practically the only exception. Possible further lines of action include improvements in transport and marketing facilities, assistance to advertising, increased consumer credit (or consumer subsidies), and authorization to government purchasing agencies to give preferential treatment to domestic products.

Of these measures, the most important is the improvement of transport and communications. In the economically advanced countries, the history of railway development is also the history of expanding internal markets. In the ECAFE region the scope for transport improvement is still enormous.

Modern transport is very poorly developed in the ECAFE region. A good measure of its deficiency in almost all countries of the region—which is also a measure of the degree of their economic underdevelopment—can be obtained from the following 1956 data.

¹ Ministry of International Trade and Industry, *Japan: Ten-Year History of Postwar Economy*, Tokyo, 1954, pp.156 and 165 (in Japanese).

²Economic Planning Agency, Japan: *Postwar Economic History*, Tokyo, 1957, p.438 (in Japanese).

Table 17. ECAFE countries: Railways, highways and motor vehicles per 1,000 population and per 1,000 square kilometres

Country	Kilometres of railway		Kilometres of highway		No. of motor vehicles	
	per 1000 of popula- tion	per 1000 sq.km. of area	per 1000 of popula- tion	per 1000 sq.km. of area	per 1000 of popula- tion	per 1000 sq.km. of area
Afghanistan	—	—	0.4	7.8	...	...
British Borneo:						
Brunei	—	—	3.0	34.5	32.4 ^a	498.3
North Borneo	0.488	2.5	2.9	14.5	7.7	38.8
Sarawak	—	—	1.0	4.9	3.6	18.4
Burma	0.056	1.6	0.8	21.8	1.5	45.1
Cambodia	0.088	2.2	1.0	24.0	2.2	55.4
Ceylon	0.162	21.9	2.5	340.9	9.1	1,234.8
China:						
Mainland	0.047	3.0	0.4	24.6	...	...
Taiwan	0.103	26.4	1.7	436.1	1.4	357.2
Federation of:						
Malaya	0.279	15.9	1.7	78.6	14.3	682.4
Singapore	0.279	15.9	0.6	1,000.0	43.6 ^b	84,285.7
Hong Kong	0.015	36.0	0.3	800.0	10.1	24,700.0
India	0.130	15.3	1.1	131.7	1.0	115.0
Indonesia	0.079	4.5	0.6	33.1	1.6	87.6
Iran	0.135	1.6	1.3	15.3	3.1	35.8
Japan	0.223	54.3	1.6	389.5	5.7	1,396.8
Korea, southern	0.133	3.0	1.3	287.9	1.1	252.8
Laos	—	—	3.9	24.1	2.1	12.7
Nepal	0.015	0.9	0.06	3.5	...	...
Pakistan	0.136	12.0	1.2	102.6	0.6	53.3
Philippines	0.043	3.2	1.4	99.7	6.0	449.2
Thailand	0.168	6.7	0.4	14.4	2.5	98.8 ^b
Viet-Nam, southern	0.097	7.0	0.5 ^c	41.8 ^c	3.7	270.8
USSR	0.627	5.6	...	...	...	...
United Kingdom	0.636	141.6	5.9	1,316.1	100.8	22,443.5
United States	2.369	50.9	32.3	669.5	361.0 ^a	8,330.6

Source: United Nations, *Statistical Yearbook 1957* and national sources; and International Road Federation, *World Highway*, statistical supplement I, January 1958.

^a 1953. ^b 1955. ^c Including northern Viet-Nam.

The improvement of transport has been accorded high priority in almost all postwar development plans of ECAFE countries. It is realized that adequate transport is essential to industrial growth. Government development expenditure on transport in 14 current investment plans amounts, on a simple average, to one-fourth of the total, the same as the share of agriculture and irrigation.¹ As a result, in spite of the almost negligible improvement in the relative world position of the ECAFE region, a notable increase in transport capacity has in fact already taken place:

¹ United Nations, *Economic Survey of Asia and the Far East, 1956*, p.52.

Table 18. ECAFE region. Growth of transport capacity, 1950-1956

Transport	Percentage share of ECAFE region in world total		Percentage increase of transport and its utilization in ECAFE region in 1950-1956
	1950	1956	
Railway length . . . . .	...	...	6
Railway freight	6.5	9.1	97
Merchant shipping fleet .	4.1	5.7	72
International sea-borne shipping:			
— loaded	10.3	6.7	9
— unloaded	8.3	11.0	120
Commercial vehicles in use	3.9	70	

Source: United Nations, *Statistical Yearbook 1957*.

The overwhelming importance of railways as a means of transport at present should be stressed. For example, in mainland China in 1952 the railways accounted for over 80 per cent of passenger traffic and for about 90 per cent of the freight moved by modern means of transport. Under the first five-year plan, the railway length rose by about one-fifth. In other countries, the development has proceeded at a slower pace. For the region as a whole, between 1950 and 1956 the length of railways increased by only about 6 per cent. This put a heavy strain on the existing capacity, since railway freight rose simultaneously by 97 per cent.

Marketing facilities in most countries of the region are still very inadequate, although there has been a gradual rise in standards of grading, storing, packing, displaying, pricing and salesmanship. In several places, the possibilities of improvement have been emphasized by the construction of new shopping centres and even of super-markets of the type now being widely adopted in Europe and America. This development, however, is limited to major urban centres, especially in Japan, Hong Kong and Singapore. In rural and small urban areas, the traditional small shop-keeper—the middleman—has hardly changed. His usual marketing philosophy is to sell as dearly as possible, which can hardly serve to stimulate consumer demand. Some governments have been trying to solve this problem by encouraging the organization of consumers' co-operatives. In mainland China, not only production, but also storage, transport and all other stages in the marketing of industrial products are in the hands of government organizations.

Advertising, to make consumers better informed about the kind and quality of home-produced industrial goods, is usually left to the producers, as might be expected. However, the governments of the Republic of China, Hong Kong, India and Japan have helped private enterprise by organizing exhibition centres or by sponsoring such exhibitions. The standard of advertising, sales promotion and market research is, on the whole, still rather poor in all countries of the ECAFE region. A recent trend towards advertising by a whole industry, e.g. by the textile industry, or by tea or coffee marketing boards, may produce substantial improvements in this respect.

Japan is the only country in the region which has a relatively well developed system of consumer credit; this has been largely responsible for the recent considerable increase in sales of durable consumer goods in Japan. In other countries, consumers are sometimes financed directly by the retailers, but this system leaves much to be desired. A substantial

improvement can be effected only by a general extension of banking facilities, particularly in financing the hire-purchase of durable consumer goods.

In only a few cases have consumers been subsidized outright. The best example is chemical fertilizer.¹ The purchase of this has been subsidized in China: Taiwan, India and Japan, and demand has been greatly extended as a result. In southern Korea, the Government has granted a subsidy to familiarize farmers with the value of lime fertilizer. Preferential freight rates—a form of subsidy—have also been granted to the coal industry in India.

Preferential treatment of domestic products in the procurement of goods by government agencies is a form of restriction on imports which has been used in some countries in order to assist domestic producers. In India in 1949, it was ordered that at least one-third of the textiles bought by the Government should be handwoven. The local small-scale and cottage industry was also given the monopoly of producing 40 per cent of the quota of *sarees* and *dhotis*. Tax exemptions, direct financial aid and rebates on the sale of handwoven fabric have also been granted. The Indian Government also in 1952 ordered cotton mills to buy two ring frames produced in the country for each one imported from abroad, and similar ratios were established for spindles, fluid rollers and other kinds of textile machinery.²

Co-operative organizations, since they do away with the middleman and increase the capacity to wait for a good market, solve some of the marketing problems of small-scale and cottage enterprises. All small industries need raw materials of good quality as well as market information, and have to maintain specified standards if they are to take full advantage of export possibilities. Other marketing problems can perhaps be solved if governments find it practicable to adopt a policy of maintaining support prices and if necessary buy the small-scale producer's total production at a fixed price; according to the Village and Small-Scale Industries Committee of the Government of India, such a scheme will minimize the cost and administrative difficulties of maintaining price differentials in favour of small-scale and cottage enterprises. A pilot scheme on these lines is to be tried through co-operative institutions in a few selected centres in India with respect to handloom cloth; arrangements are to be made for the supply of raw materials, and for the purchase and disposal of output at a price which will give the artisan an adequate wage. In Ceylon the Government takes over at fixed

¹ See chapter 6, section on chemical fertilizers, below.

² See chapter 6, section on cotton textiles, below.

prices unsold stocks from co-operative societies. The stocking policy of the Price Stabilization Corporation in the Philippines and of "Induks" (Central Co-operatives) in Indonesia similarly solves some of the marketing difficulties of the small-scale industries in these countries.

TARIFFS, TRADE AND EXCHANGE CONTROL AND EXPORT PROMOTION

Foreign trade measures including tariffs, reduction of or exemption from import duties on industrial requisites, import licensing, foreign exchange allocation, bilateral agreements and export promotion are used by many governments in the region to aid the development of industry.

Although it has been common practice among countries in the early stages of industrialization to use protective tariffs to foster infant industries, in the ECAFE region tariffs have mainly been used either for revenue purposes or for the purpose of restricting non-essential imports so as to protect the payments position. A reduction of, or exemption from, import duties is commonly allowed on capital goods and raw materials used by domestic industries, which are also given priority in the issue of import licences or the allocation of foreign exchange. Various export promotion measures are used in order to extend the size of the market for domestic industrial products. These measures include risk insurance, the strengthening of foreign trade services, the despatch of trade missions, the establishment of trade centres abroad and participation in international trade fairs and exhibitions. In order to encourage handicraft exports, many governments have set up central organizations to provide technical training, standardization facilities, financing, marketing and other services.

The Government of Afghanistan allocates foreign currency to approved industries at favourable rate of exchange, and exempts them from import duty on equipment and construction materials.

In Ceylon, heavy machinery and raw materials needed by export industries have been imported under low duties. Moreover the protection of domestic industries was listed as one of the purposes of recent tariff adjustments, although the primary consideration in tariff policy is still to safeguard the country's payments position.

In the Republic of China, higher tariff rates were introduced from January 1955 to protect some newly developing industries, especially cotton textiles and chemicals, and import duties on industrial raw materials were lowered. Domestic industry was further protected by denying foreign exchange for imports

whenever local production was considered adequate to meet internal demand. In 1956, the Government appropriated a sum of NT\$3 million to finance shipping on a consignment basis, in order to promote exports of manufactured goods such as bicycles, sewing machines, electric fans and so on.

On the mainland, foreign trade is in the hands of state trading corporations and is usually conducted on a barter basis. Recently, however, a system of deferred payment for Chinese exports, applicable to Hong Kong, has been extended to Burma and Indonesia. Since 1956, export commodity fairs have been held twice annually in Canton, at which the volume of transactions concluded, mainly with Hong Kong traders, is reported to have risen from HK\$26 million in May 1956 to HK\$150 million in October 1958.¹

In Hong Kong, private promotional activities have been assisted by the Government. Hong Kong has participated in international trade fairs recently held at Seattle, London, Frankfurt, New York and other centres, and held annual exhibitions of local products to attract foreign buyers.² Several trade missions have been sent abroad. In November 1958, a mission was sent to Central America to explore new markets.

After the Second World War, the Indian Government gave tariff protection to 60 industries; many of these had developed under war conditions and needed this help in order to survive, but the list also included two industries enjoying protection before the war—the sericulture and match industries. Import and exchange controls, adopted primarily in order to conserve foreign exchange, have also stimulated newly developing industries. Export promotion councils have been organized under government leadership for such major export industries as cotton textiles, chemicals, plastics, leather, rayon, sports goods and engineering; these councils undertake market studies in foreign countries, despatch trade delegations abroad and render other services. An Export Risks Corporation was set up in 1958 to insure against certain risks including default and insolvency.

Indonesia has relied mainly on import licensing and exchange allocation for the restriction of less essential imports. Various rates have been established primarily through the application of surcharges to different categories of commodities classified according to established priority; these surcharges have been changed several times within the range of up to 400 per

¹ *Ta Kung Pao*, Hong Kong, 27 May 1956 and *Wen Hui Pao*, Hong Kong, 16 May 1958. New China News Agency, Press Release, Canton, 2 November 1958.

² Hong Kong Government, *Hong Kong Annual Report*, 1957, pp.92-99.

cent of the value of the imported goods. Imports of industrial equipment and raw materials receive high priority, and new industrial enterprises are exempted from duties on imported raw materials for two years, but otherwise tariffs are used primarily for revenue purposes. Preferential treatment is given to importers of Indonesian nationality.

In an attempt to recover the overseas trade lost during the war, the Government of Japan in 1951 established the Japan External Trade Recovery Organization to supply information on foreign trade, operate trade centres abroad and participate in international trade fairs. In addition to maintaining 36 regional offices throughout the world, it opened trade centres in New York, San Francisco, Cairo and Toronto and machinery exhibit centres in India and Mexico. A floating fair of machinery visited all the main ports of Asia in 1957. Several international trade fairs, held within the country, showed an increasing volume of transactions. In order to promote exports, the Japan Export-Import Bank was established in 1952. It provides long-term credit to finance exports of heavy machinery and complete sets of plants. In 1956/57, the Bank lent ¥57.4 billion, of which 78 per cent went to finance the export of vessels and 12 per cent the export of rolling stock.¹ The Bank also administers export insurance covering a wide range of risks, including credit risk.²

By 1953, the Government of Pakistan had granted only 10 out of 76 applications for tariff protection, but in 1955/56 it increased the number to 34. The industries favoured included electric lamps, paints, bicycle tyres and tubes, matches, steel re-rolling, steel casting, and diesel engines. The bicycle tyre and match industries are regarded as outstanding example of the power of protective tariffs to assist development. Imports of capital goods were exempted from customs duty in 1952/53, and at the same time the partial or total exemption of industrial raw materials from import duties was introduced.

In the Philippines, the revised tariff system effective 1 January 1956³ takes into account the need of protection for domestic industries. The Government also uses import licensing and exchange allocation to accord priority to industrial raw materials and to keep out imports that might compete with domestic products.

¹ Government of Japan, Ministry of Finance, *Banking Bureau's Financial Report 1957*, pp.129-130 (in Japanese).

² *Ibid.*, p.136.

³ The Bell Trade Act of 1946 was basically revised in mid-1955. The new law provides for, among other things, rapid increase, from 1956 to 1974, in the customs duty on United States imports with a view to affording reasonable protection to domestic industry in the Philippines.

In Thailand in 1956, 52 commodities which "could be easily produced" in the country were made subject to import licensing. The Government also adopted a link system which required importers of certain commodities, such as gunny bags and grey cotton sheeting, to buy a certain proportion of their requirements from Thai manufacturers.

In southern Viet-Nam, the Government, in an effort to encourage domestic industrial production, has given producers preferential treatment in exchange allocations and allowed them to import directly without import licenses.

TECHNICAL TRAINING AND PROMOTION OF ENTREPRENEURSHIP

In contrast to the large reservoirs of unskilled labour, the supply of technical skill required for industrial development has been, and still remains, very inadequate in all Asian countries except Japan.⁴ High rates of illiteracy have heretofore made extensive programmes of vocational training virtually impossible. In India up to about 1950, only 40 per cent of the children in the age-group 6-11, and 10 per cent in the age-group 11-27, attended some school.⁵ Facilities for technical and vocational education were altogether inadequate, and were largely confined to apprenticeship. The situation was probably at least as bad in many other countries of the region. The Japanese Government, however, as early as 1903, had organized some 240 technical schools of higher and lower grades in addition to technical colleges and the universities, and 1,000 elementary "continuation schools" for part-time instruction in the simpler skills required in industry, commerce, agriculture, and fishing.⁶

With the adoption of postwar development plans, governments are playing an increasingly important role in the provision and promotion of vocational education, and in many countries the situation has greatly improved. Statistics for 1953-1956 show the following distribution of ECAFE countries other than Japan according to the number of students in technical schools per thousand of population:⁷

⁴ See United Nations, *Report on the World Social Situation*, (New York 1957), Chapter V: Education, pp.64-79.

⁵ Government of India, Planning Commission, *Review of the First Five-Year Plan* (New Delhi, May 1957), p.249.

⁶ Lockwood: H.W., *The Economic Development of Japan* (Princeton University Press, 1954), p.511.

⁷ United Nations Statistical Yearbook 1957, pp.614-618, and Hong Kong Annual Report, 1957, p.141. Technical schooling includes all post-primary vocational education which aims to prepare the pupils directly for a certain profession or trade.

2—7	Below 1
China: Taiwan (6.8)	Fed. of Malaya (0.7)
Southern Korea (4.3)	Southern Viet-Nam (0.5)
Brunei (2.7)	India (0.4)
Philippines (2.6)	Burma (0.3)
Hong Kong (2.3)	Singapore (0.3)
Thailand (2.0)	Afghanistan (0.2)
1—2	Ceylon (0.2)
China: mainland (1.1)	Sarawak (0.2)
Indonesia (1.1)	North Borneo (0.1)
	Iran (0.1)
	Laos (0.04)
	Cambodia (0.02)
	Nepal (0.01)

The achievements of China: Taiwan and southern Korea are particularly notable. Considerable attention is also paid to technical education in Brunei, Hong Kong, the Philippines and Thailand.

The situation is generally not as well advanced elsewhere but a number of countries are making efforts to improve it. In mainland China during the first five-year plan the enrolment of students in technical schools was scheduled to increase by 5.6 per cent to about 672,000.¹ In India, the first training schemes were begun by the National Employment Services during the Second World War to supply technicians for both military and civilian purposes. After the end of the war, these schemes were extended to displaced persons and, finally, in 1950, to all adult civilians.² In 1953, the total of students enrolled in Indian technical schools was about 134,000. Out of the total spent on education under India's first five-year plan, 13.2 per cent was for technical education, and the number of technical and vocational schools rose from 109 in 1950/51 to 149 in 1955/56.³

In several ECAFE countries, on the other hand, hardly any progress has as yet been found possible. In 1954, the total number of students enrolled in technical schools was reported as only 112 in Nepal, 91 in Cambodia and 60 in Laos.⁴

In many countries of the region, the main difficulties in expanding technical education seem to be "the shortage of qualified instructors, the failure of the existing salary scales to attract suitably qualified men, the inability of governments to find enough foreign exchange adequately to equip the training institutions; in some cases, the lack of co-ordination between the different ministries and agencies each running its own vocational training programme; and lastly, the failure

¹ *The First Five-Year Plan for the Development of National Economy in the People's Republic of China, 1953-1957*, People's Press, Peking, 1955 (in Chinese), p.123.

² Ministry of Information and Broadcasting, Government of India, *Labour in the Plan*, New Delhi, October 1954, pp.23-24.

³ *Review of the First Five-Year Plan, op.cit.*, pp.250, 258.

⁴ United Nations, *Statistical Yearbook, 1957*.

of the training agencies to keep in close touch with employers and adjust the training courses to the actual needs of industries".⁵

Foreign aid has been given from a number of sources in order to accelerate the programmes of vocational training and thereby build up the supply of skilled labour. These sources include: the United Nations, under its Expanded Technical Assistance Programme; the donor members of the Consultative Committee for the Co-operative Development of South and Southeast Asia (or "Colombo Plan"); the bilateral aid programmes of the United States, the Soviet Union and other countries; and international private organizations.

Developing a supply of entrepreneurs is in some respects like developing a supply of skilled labour, but in other respects the differences are substantial. The entrepreneurial role includes organization, innovation and the risk-bearing which can seldom be separated from capital provision. In prewar Asia apart from Japan, these functions were performed in modern industries, mainly by foreigners. Since the war, governments have either promoted local private enterprise, or taken over the entrepreneurial role themselves, or both. Most governments have themselves undertaken to provide at least the basic economic and social overheads, or infrastructure, while leaving it to private entrepreneurs—both national and foreign, though in some cases the activities of foreigners have been restricted—to develop manufacturing, especially consumer goods industries.

Japan was the first of the Asian countries to develop its entrepreneurial class. This process started almost a century ago when the Government bought out the feudal rights of the nobles, deprived them of their administrative functions and took over their debts. They, in turn, invested in industry and became capitalists, thus partly relieving the commercial classes of a burden and, at the same time, powerfully reinforcing them. Large-scale enterprises were launched early in the Meiji period by the Government or by various financial magnates, often in co-operation with the Government. Although the Government soon withdrew from active participation in all but a few selected fields, it continued to patronize the few families and groups able to command the necessary capital and technical experience for large-scale finance, commerce and industry. Thus grew up the great financial aggregates known as the *Zaibatsu* (money cliques), of which four—Mitsui, Mitsubishi, Sumimoto and Yasuda—were outstanding until their pre-

⁵ Statement by the representative of the International Labour Organization to the fourth session of ECAFE Working Party on Economic Development and Planning, 9 September 1958.

eminence was challenged by the new combines created during the war with China, mainly in the fields of chemicals and engineering.¹ Under American occupation, these combines were dissolved in 1948 and reorganized into independent companies in order to increase competition; enterprises have, however, amalgamated in recent years, especially in the field of foreign trade.

Until the establishment of the Republic in 1912, the impact of western industrialization on China was rather limited. After that, the country was distracted for two decades by civil war and then by a struggle with Japan, followed again by armed revolution. It was not until the People's Republic was established on the mainland in 1949 that industrialization began in earnest. Foreign businesses were then liquidated, and the role of Chinese private entrepreneurs was reduced to passive participation in joint state-private enterprises; now, these also are disappearing. The State has taken over the management in almost all non-agricultural activities, and the farms are being transformed into collectives and communes under the control of the government and the ruling party.

In India and Pakistan, where western business had free scope, local entrepreneurship developed more than in China, though not in a way comparable to Japan. It originated in the days of the British East India Company under the managing agency system. This system owed its existence to the absence of an organized capital market and to the difficulty of finding directors who would remain in the country long enough to guarantee the continuity of management. Managing agencies, both Indian and European in ownership, thus were entrusted with the task of directing, financing and developing a business concern under an agreement with the parent firm and subject to its orders. The system has persisted to the present day; in fact, it is estimated that nearly 80 per cent of the productive assets in India still are under managing agencies. They are concentrated in West Bengal (1,500 firms), Bombay (800 firms), Madras (450 firms), Uttar Pradesh, Delhi, Madhya Pradesh and Punjab (over 100 firms each).² Since independence, however, and especially since the implementation of the first five-year plan, an increasingly important role has been played by state industrial enterprises.

Foreign entrepreneurs also dominated trade and industry in other parts of Asia: the British in Borneo, Burma, Ceylon, the Federation of Malaya, Hong Kong and Singapore; the French in Cambodia, Laos and

Viet-Nam; the Americans in the Philippines; the Dutch in Indonesia; the Japanese in Korea and Taiwan and, to a considerable extent, in mainland China. Commercial and industrial enterprises were moreover established by the Chinese in Southeast Asia and by the Indians in Burma, Ceylon, the Federation of Malaya and Singapore. The Chinese and Indians, starting as aliens, sometimes acquired citizenship and became assimilated with the local culture. Mention should also be made of the important role played by the refugees from mainland China who provided a new entrepreneurial group in Hong Kong almost overnight.³

GOVERNMENT ENTREPRENEURIAL INITIATIVE

STATE ENTERPRISES

Before the Second World War, state enterprises in the ECAFE region were mostly concerned with water supply, postal, telephone and telegraph services, railway transport and electricity. Manufacturing enterprises owned by the state were important only in Japan, though there were a few in several other countries, e.g. China and Afghanistan, as well.

The rapid growth of direct state participation in industrial development has been a conspicuous postwar phenomenon. The following percentages of total planned public expenditure which are allocated to government manufacturing, mining and power enterprises under current investment plans illustrate this trend:

Per cent
Cambodia (1956-1960)
Ceylon (1954/55-1959/60)
China: Taiwan (1957-1960)
India (1956/57-1960/61)
Korea, southern (1956-1960)*
Nepal (1956-1960)
Pakistan (1956-1960)
Philippines (1954/55-1958/59)

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Vol. VII, No.3, 1956, Table 2, p.32.

* The plan is now inoperative and being revised.

This postwar growth of state enterprise in Asia and the Far East has had a number of causes. The most important in some countries has been the acceptance of some form of socialism. In mainland China, the aim was that the socialized sector (state, co-operative and joint state-private owned establishments) should completely control industry. This was achieved in 1956. In India, the emphasis in the second five-year plan is also on the realization of the "socialist pattern of society", although this is declared not to entail the elimination of private enterprise; in the

¹ Lockwood, *op.cit.*

² Jain, P.C., *Industry and Labour in India* (Allahabad, 1956), pp.87-88.

³ Szczepanik, E. F.: *The Economic Growth of Hong Kong* (Oxford University Press, London, 1958).

second plan, the share of the public sector in planned industrial investment in large-scale industry and mining rose to 55 per cent, as compared with 28 per cent under the first plan. Immediately after the war, the Burmese Government adopted a policy of promoting industrialization by itself establishing factories to produce cotton textiles, jute, pharmaceuticals, bricks and tiles; it also co-operated with private firms in several joint ventures designed to promote the development of the mining industry. Ceylon, like India, has placed "basic" industries¹ under state ownership, in accordance with a policy of working towards socialism, but, so far, manufacturing industry occupies a rather insignificant place in its economy. The Government of Indonesia also has set up a number of industrial establishments, and its participation in industry is increasing.

In other countries, the growth of state enterprise seems to have been brought about chiefly by a lack of private capital and enterprise, which appeared to confront governments with a choice between taking action themselves or having matters drift and stagnate. Thus, in the Philippines, where government enterprise initially was limited to safeguarding, under the constitution, "the interest of the national welfare and defense", it was found that the state had to play a more active role if economic development were to be accelerated. The new policy is reflected in the plan to have the average 1957-1961 level of public investment in chemicals, iron and steel, and textiles three times as high as in 1950-1954. The Thai Government began operating factories during the Second World War in order to meet war-time shortages, and, although its policy is to favour private initiative, several state enterprises have since been established, many of them being operated by military authorities.² However, total capital expenditure on state enterprises in Thailand in 1953-1955 was less than 3 per cent of the total government expenditure on economic development.³

In Japan, in the early stages of industrialization, the Government frequently launched new enterprises, and then, when they were well established, sold them to private firms. This method of industrialization, which proved to be very effective in that country, has been followed to a considerable extent in Pakistan and, in some degree, in Afghanistan and the Philippines, while southern Korea and China: Taiwan have

similarly taken steps to dispose of industries inherited by them. In Pakistan, so far, the Karnaphuli Paper Mills, the Harnai Woollen Mills, the Muslim Cotton Mills, seven cotton gins, twelve jute mills and a caustic soda plant have either been transferred to private hands or are still jointly operated. The Government of Afghanistan sold its match, leather and tannery, carpentry and textiles factories during 1929-1946. In the Philippines, the Government has sold the Bacnotan Cement Factory. In southern Korea, the Government came into possession of all Japanese property, public and private, which included more than 90 per cent of the large-scale manufacturing industries existing at the end of the Second World War. The policy was to sell everything except power, transport, and communications, but the Government still owns a number of enterprises which did not attract private investors. A cement and a flat-glass factory, built with the aid of the United Nations Korean Reconstruction Agency, were transferred to private enterprise in 1957; a large-scale fertilizer plant, which is being built with United States aid, is expected to be sold eventually. In China: Taiwan state enterprises were similarly "thrust upon" the Government which, in 1945, took over the factories owned by the Japanese, including nearly all large-scale manufacturing plants, mines and power stations. Since the Government's policy was to encourage the development of private enterprise, the decision was taken to sell, gradually, all these concerns. At first only small firms were sold, but in 1954-1955 the Government also sold a considerable volume of shares in the Pulp and Paper, Cement, Industrial and Mining Corporations to landowners in part payment for their land, which the Government distributed to small farmers. In spite of this policy, state enterprises continue to occupy a decidedly important place in the island's economy.

DEVELOPMENT CORPORATIONS

Since the Second World War, many governments have organized development corporations which supply sponsored enterprises with equity capital and frequently manage and control them.⁴ These development corporations may be contrasted with ordinary industrial finance corporations, discussed previously, which extend medium and long-term loans to industry.

¹ The basic industries as enumerated in the Indian five-year plan and in the policy statement of the Ministry of Industries in Ceylon differ somewhat in scope. In Ceylon, for example, cement is considered a basic industry, but not so in India.

² United Nations, *Economic Survey of Asia and the Far East*, 1956, Chapter 18.

³ *The Colombo Plan Fourth Annual Report*, 1955, p.136.

⁴ The earlier National Development Company of the Philippines, organized in 1919 as a private firm engaged in commerce and agriculture, was in 1936 converted into a public corporation in order to promote industrial development by establishing factories and acquiring control of private enterprises in industry, mining, commerce and agriculture. However, in line with the Government's policy of favouring private initiative, it has been recommended that the factories owned by the Company should be sold and its holdings liquidated. The Company now operates only two textile mills—the Cebu Portland Cement Factory and the Malangas Coal Mine.

Burma in 1952 created the Industrial Development Corporation and the Mineral Resources Development Corporation to sponsor and supervise public projects, formulate policies, and provide training and research services which are available to private and public enterprises alike. The Industrial Development Corporation is concerned with jute, cotton and sugar mills, a steel plant and a cement plant. The Mineral Resources Development Corporation has concentrated on field investigations and surveys and on the rehabilitation of old mines, and has started the mining of coal, zinc and wolfram.

The Government of India established the National Industrial Development Corporation (NIDC) in October 1954. This institution is authorized to finance, promote and manage both public and private enterprises in new industries, although concentrating on the development of basic enterprises indispensable to industrialization. Its importance under the second five-year plan may be seen from the fact that, out of Rs 700 million allotted to schemes under the Ministry of Commerce and Industry, Rs 550 million has been allocated to the activities of NIDC.¹ Of this latter amount, Rs 200 million is to be utilized for the modernization of cotton and jute textile industries, and Rs 350 million for new basic and heavy industries. Since the activities planned required greater expenditure than the resources allocated, a scheme of priorities was worked out in favour of the manufacture of heavy machinery and its related industries, with a view to supplying most of the heavy machinery needed to carry out the third five-year plan.

The Pakistan Industrial Development Corporation was established in January 1952 with an authorized capital of Rs 10 million, half of which was subscribed by the Government. It was originally entrusted with the development of the jute, paper, heavy engineering (including iron and steel), shipbuilding, heavy chemicals and fertilizer industries. As a result of the success achieved, the sugar, cement, and textile industries were added in 1952 and, in 1954, natural gas, power, chemicals, pharmaceuticals and dyestuffs. By 1957, the Corporation had completed 30 projects and spent nearly Rs 260 million. A number of privately initiated plants, including wool, jute and cotton mills, have been taken over by the Corporation because the private sector experienced difficulties in completing them, but it is hoped to hand them back to the private sector. The Corporation's current plans cover 38 new projects costing Rs 953 million.

In Thailand, the National Economic Development Corporation was established in 1954 to promote the

development of new industrial undertakings. It has a registered capital of 50 million baht. This Corporation is operating two sugar mills, a gunny bag factory and a marble factory. A large paper mill is now under construction. The Corporation is at present undergoing reorganization with a view to achieving greater economy in production and management. It is likely that, in line with this policy, private interests may be invited to hold more shares in the Corporation, which is now under government control.

The success that development corporations are having in several countries of the region is being watched and studied by other countries which are now beginning to industrialize.

TECHNICAL RESEARCH

As technical exploration constitutes one of the important conditions of industrialization, government research institutes have been established by a number of countries of the region. Usually, these institutes specialize in industrial engineering and are connected with national development programmes.

In Burma, technical research for industry has been undertaken by the Applied Research Institute, which conducts pilot-plant studies in various fields of industry, such as rice bran oil extraction, ceramics manufacture and mining.

The Ceylon Institute of Scientific and Industrial Research was established in 1955 to work in co-operation with Government departments, the University and other research organizations. It is financed by the Government, with assistance from the United Nations, the World Bank, several donor countries of the Colombo Plan, the Asia Foundation and other agencies.

In mainland China the Planning Commission for Scientific Development, under the State Council, has been in charge of national development plans for scientific and technical research. The Chinese Academy of Science was reported to have increased the number of its research institutions from 31 in 1952 to 68 in 1957, with a corresponding expansion in research staff from 1,290 to 5,500.² By July 1958 this academy, which has its headquarters in Peking and offices in Shanghai and Kunming, had 9 branches (Canton, Changchun, Hangchow, Lanchow, Nanchang, Nanking, Sian, Urumchi, and Wuhan). In addition, there are over 100 research institutions attached to the various government enterprises, universities and

¹ Government of India, *Second Five-year plan*, pp.403-404.

² New China News Agency, Press Release, Peking, 17 March 1958.

colleges, and over 200 provincial and municipal research institutions.¹ In Taiwan, the Government Industrial Laboratory conducts research in various industrial fields. A Productivity Centre was recently established by the Industrial Development Commission of the Economic Stabilization Board to improve techniques of production and management. Considerable research has been carried out also by the Taiwan Sugar Corporation.

In India, industrial research is mainly carried out under the auspices of the Council of Scientific and Industrial Research, which is attached to the Ministry of Natural Resources and Scientific Research, and is supplemented by co-operative research associations and laboratories attached to major industrial concerns. The Council directs the work of the 13 national laboratories established after 1950, awards fellowships, disseminates scientific and technical knowledge through the publication of journals, and assists private and university research work through grants. More than 250 independent research projects are at present being carried out under the sponsorship of the Council outside its national laboratories. These projects also provide training in advanced technology for young graduates. Under the second five-year plan, the Council has been allotted Rs 334 million.² Research in engineering is also undertaken by the Indian Institute of Science in Bangalore and a number of federal and state engineering research stations, while the Indian Bureau of Mines, the Geological Survey of India, the National Metallurgical Laboratory and the Indian School of Mines and Applied Geology are important centres of geological research.

In Indonesia, a department in the Ministry of Economic Affairs is responsible for undertaking industrial research projects, but it is as yet insufficiently equipped and staffed. Special research institutes have been established by the Government for the textile, ceramic, leather tanning and batik industries.

In Japan, the Government has been engaged in organizing extensive industrial research ever since the Meiji restoration. In 1948, the various institutes and laboratories were consolidated into one body, which in 1952 became known as the Agency of Industrial Science and Technology, controlled by the Ministry of International Trade and Industry. During 1950-1953, the Agency awarded 278 research subsidies for ¥200 million, and on its recommendation the Japan Development Bank granted ¥483 million loans for the

¹ *Ta Kung Pao*, Peking, 4 July 1957.

² The Time of India, *Directory and Year Book, 1956-1957*, Bombay, 1957, p.229. Ministry of Information and Broadcasting: *India 1957—A Reference Manual*, pp.102, 107.

manufacture of laboratory tested products. In 1953, the Agency employed about 1,600 full-time graduate research workers.³

In southern Korea, the Central Industrial Laboratory, under the Ministry of Commerce and Industry, is responsible for technical research services to industry. Plans for an Industrial Development Centre, which would study the managerial aspects of medium and small-scale factories, are under consideration.

In the Federation of Malaya, some research work has been done on geology, mining and the chemical industry.

The Pakistan Government established the Department of Scientific and Industrial Research in 1949, and the Council of Scientific and Industrial Research in 1953. On the recommendation of the Council, a Central Laboratory was organized in Karachi, and local laboratories were set up at Dacca, Lahore and Peshawar. The Industrial Development Corporation and the Industrial Finance Corporation also maintain technical advisory services for their enterprises.

In the Philippines, the Institute of Science and Technology conducts industrial research and has set up a number of pilot plants in ceramics, plastics, leather, castor oil and other industries in order to promote the utilization of local materials and to raise technical standards.

In Thailand, the Science Department in the Ministry of Industry is responsible for technical research. The research activities connected with industrial development have so far been limited, however.

In southern Viet-Nam, the recently established Industrial Development Centre provides industrial enterprises with technical assistance through its research work, financed by United States aid.

The list of the industrial research institutions organized in ECAFE region is impressive. It is reasonable to expect that their work will help lay solid foundations for further industrial development.

EXTERNAL PUBLIC AID

Most of the capital equipment, and much of the raw materials, necessary for industrialization in ECAFE countries has had to come from abroad. These imports have grown more rapidly than total imports. The proportion of capital goods and materials chiefly for capital goods rose from about 28

³ Agency of Industrial Science and Technology, *Annual Report*, (Tokyo, 1953), pp.15-22 (in Japanese).

per cent of total imports in 1953 to about 42 per cent in 1957, reflecting the progress of industrialization in ECAFE countries during this period.

ECAFE Region:^a Composition of Imports (in percentages)

	1953	1957
Consumption goods	42.7	29.8
Materials chiefly for consumption goods	29.1	28.4
Materials chiefly for capital goods	10.9	18.5
Capital goods	17.3	23.3

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Asian Economic Statistics.

^a Excluding Afghanistan, Brunei, China: mainland, Iran, Korea, Nepal and, for 1957, northern Viet-Nam.

In the majority of countries of the region, however, export earnings have not increased sufficiently to pay for the expanded imports. During 1950-1957 the region's combined export earnings rose by 40 per cent, but import outlay increased by 115 per cent. This was due not only to the faster rise in import than in export quantum but also to deterioration in the terms of trade.

ECAFE Region:^a Quantum Index and Unit Value Index of Imports and Exports, 1957 (1950=100)

Quantum index				
Imports	185			
Exports	153			
Unit value index				
Imports	118			
Exports	94			

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Asian Economic Statistics.

^a Covers Burma, Ceylon, China: Taiwan, the Federation of Malaya and Singapore, India, Indonesia, Japan, Pakistan, Philippines and Thailand.

The import surpluses which emerged after the Korean boom subsided were mainly covered by international assistance. Between July 1953 and June

Total Value of Imports and Exports in ECAFE Region^a (million dollars)

Years	Imports (1)	Exports (2)	Balance (2)-(3)	Ratio of exports to imports (%)	
				(%)	(%)
1950	5,983	6,746	763	113	
1951	9,449	9,705	256	103	
1952	9,583	7,692	-1,891	80	
1953	8,882	6,940	-1,942	78	
1954	8,540	7,269	-1,271	85	
1955	9,142	8,358	-784	91	
1956	10,905	8,877	-2,028	81	
1957	12,845	9,424	-3,421	73	

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Asian Economic Statistics.

^a Excluding Afghanistan, China: mainland, Iran, northern Korea, Nepal and (since June 1955) northern Viet-nam.

1957, the external public aid (grants and loans) extended to the under-developed countries of the region listed below (an almost inclusive list) amounted to about \$3.4 billion, compared with a combined import surplus of \$3.5 billion for these same countries during this period.

Table 19. ECAFE Countries: External Trade and External Public Aid, July 1953—June 1957

	Imports	Exports	Balance	Public external aid (net expenditures) ^a
British Borneo	830	1,126	296	6.8
Burma	820	996	176	13.9
Cambodia, Laos and Viet-Nam	1,336	401	-935	910.6
Ceylon	1,305	1,501	196	30.9
China (Taiwan)	847	472	-375	383.5
Federation of Malaya and Singapore	4,884	4,934	50	21.3
Hong Kong	2,828	1,980	-848	14.4
India	6,056	4,946	-1,110	308.8
Indonesia	2,949	3,499	550	39.2
Korea, southern	1,344	99	-1,245	1,046.8
Pakistan	1,457	1,544	87	378.7
Philippines	2,034	1,715	-319	70.0
Thailand	1,355	1,312	-43	95.5
TOTAL	28,045	24,525	-3,520	3,434.4

Note: Figures in italics are provisional.

* From table 20 below. Total differs because of exclusion of Afghanistan, Iran and Nepal.

That the importance of this aid was very great, both in practical terms and as evidence of the growth of international co-operation, cannot be doubted. Foreign public loans appear to have been limited to some extent by the difficulty foreseen by several ECAFE countries in servicing and repaying them. This difficulty was a problem partly of the rate of interest and partly of the balance of payments in general. In order to alleviate exchange difficulties the United States began to issue loans repayable in national currency.

The following table gives details of the international economic assistance received by 18 ECAFE under-developed countries from various sources for the four year period (July 1953-June 1957).

Table 20. International Economic Aid^a to ECAFE Under-developed Countries, Excluding mainland China, 1 July 1953 to 30 June 1957^b
(million US\$)^c

	Bilateral aid ^d												Multilateral aid ^d												Total bilateral & multilateral aid										
	Australia			Canada			France			Netherlands			New Zealand			Norway			Sweden			United Kingdom			United States			Total							
	G	L	G	G	L	G	G	L	G	G	L	G	G	L	G	G	L	G	G	L	G	G	L	G	G	L	G	G	L						
Afghanistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
British Borneo	-	-	0.1	-	-	-	-	-	0.1	-	-	-	3.6	1.5	0.4	4.2	1.5	0.9	-	0.2	-	-	-	-	-	-	-	1.1	-	5.3	1.5				
Burma	-	-	1.2	-	0.5	-	-	-	0.1	-	-	-	-	-	4.4	-	-	6.2	-	3.2	-	2.2	-	-	-	-	-	-	5.4	2.3	11.6	2.3			
Cambodia*	-	-	0.4	-	0.1	-	-	-	-	-	-	-	-	-	-	82.6	-	91.2	-	0.8	-	0.1	-	-	-	-	-	-	-	0.9	-	92.1	-		
Ceylon	-	-	4.2	-	10.0	-	-	-	-	-	-	-	1.4	-	-	-	-	5.6	-	21.2	-	2.2	-	0.3	-	-	7.2	-	23.7	7.2					
China: Taiwan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350.2	30.8	350.2	30.8	30.8	1.4	-	1.1	-	-	2.5	-	352.7	30.8				
Fed. of Malaya & Singapore	0.5	-	0.5	-	-	-	-	-	0.1	-	-	-	-	-	-	14.8	3.6	1.0	-	-	16.9	3.6	0.7	-	0.1	-	-	-	-	0.8	-	17.7	3.6		
Hong Kong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	3.1	9.4	-	11.2	3.1	0.1	-	-	-	-	-	-	-	0.1	-	11.3	3.1		
India	-	-	8.0	-	53.9	16.8	-	-	-	3.3	-	2.2	-	-	-	1.2	-8.6	238.5	-65.6	307.1	-57.4	6.5	-	6.8	-	-	45.8	-	13.3	45.8	320.4	-11.6			
Indonesia	-	-	3.9	-	0.6	-6.3	-	-	-	-22.1	1.3	-	-	-	-	-	-	-	-	28.2	26.3	34.0	-2.1	3.9	-	3.4	-	-	-	-	7.3	-	41.3	-2.1	
Iran	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.9	203.2	203.2	55.5	66.4	4.4	-	-	-	-	-	-	-	-	7.4	-	21.0	87.4
Korea, southern	-	-	0.8	-	-	-	-	-	0.4	-	-	-	-	-	-	-	946.8	-	948.0	-	0.3	-	3.3	-	-	-	-	-	-	95.2	-	98.8	-	1,046.8	-
Laos*	-	-	0.6	-	0.1	-	3.6	-	-	-	-	-	-	-	-	-	-	114.7	-	119.0	-	0.5	-	-	-	-	-	-	-	0.5	-	119.5	-		
Nepal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.3	-	5.3	-	0.7	-	-	-	-	-	-	-	0.7	-	6.0	-
Pakistan	-	-	11.7	-	45.1	-	-	-	-	2.7	-	-	0.2	-	1.5	14.6	265.1	3.8	326.3	18.4	4.7	-	2.4	-	-	35.9	-	-	-	7.1	359	-	333.4	54.3	
Philippines	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77.5	-10.6	77.6	-10.6	1.7	-	1.3	-	-	-	-	-	-	3.0	-	80.6	-10.6	
Thailand	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70.8	8.9	71.0	8.9	2.6	-	0.9	-	-	12.1	-	-	-	3.5	12.1	74.5	21.0	
Viet-Nam*	-	-	0.8	-	0.2	-	10.0	-	-	-	-	-	-	-	-	-	-	571.7	25.0	582.7	25.0	0.6	-	0.2	-	-	-	-	-	-	0.8	-	583.5	25.0	
Other and regional ^f	-	-	1.1	-	30.3	-	-	-	0.6	-	-	-	-	-	-	-	-	31.6	48.2	77.0	-	140.6	48.2	6.5	-	0.2	-	-	-	-	6.7	-	147.3	84.2	
TOTAL	32.7	-	111.9	10.5	52.0	-	-	-	-22.1	9.6	-	2.6	-	-	-	-	-	54.5	73.3	3,060.3	93.7	3,323.8	155.4	44.4	-	26.0	-	-	124.3	95.2	-	165.6	124.3	3,489.4	279.7

Source: United Nations, *Statistical Yearbook, 1958*, table 154.

*In terms of actual amounts expended rather than commitments or authorizations. Repayments of the principal of loans extended are considered as an offset to aid received. A negative sign to the entry for loans consequently indicates that repayments on outstanding loans exceeded new loans received. The table has been compiled from information published by contributing governments or specially supplied by them to the United Nations, and consequently uses the valuation placed upon their economic aid by contributing governments.

^bThe periods covered for contributing country or agency are as follows: France and the Netherlands, UNTA and UNICEF calendar years 1954-1957; New Zealand and the United Kingdom I April 1953-31 March 1957; Canada I April 1954-31 March 1958; all others: 1 July 1953-30 June 1957.

^cOriginal data expressed in currencies other than US dollars have been converted into US dollars at prevailing official exchange rates.

^dOfficial information on bilateral economic assistance extended by the Soviet Union and countries of Eastern Europe has not been obtained. Contributions from these countries are consequently not included in this table.

^eOnly part of aid from France and the United States to Cambodia, Laos and Viet-Nam has been allocated.

^fGrants from France relate to unallocated part of development aid to Cambodia, Laos and Viet-Nam. Grants from the United States include \$60.2 million to unspecified Cambodia, Laos and Viet-Nam. Grants and loans from the United Kingdom include \$60 million transferred to the Far Eastern Territories War Damage Compensation Scheme.

G = grants.

The importance of the part played by external aid in promoting economic development has varied widely from country to country. In China: Taiwan and southern Korea, practically all foreign exchange requirements for development in the public sector were financed by United States aid, and a substantial portion of the corresponding domestic cost was financed by counterpart funds accruing from the sale of aid supplies. Very substantial development aid has also been given to Cambodia, Laos and southern Viet-Nam. In other countries, external aid has been relatively smaller, although substantial in Pakistan and, recently, important in India.¹ Available information is insufficient to assess the extent to which external aid has been used specifically for the development of industry in the recipient countries of the region.

For the whole period July 1953-June 1957, bilateral aid accounted for 92.5 per cent and multilateral aid for about 7.5 per cent of the total international economic assistance extended to these countries. About 90.7 per cent of the bilateral aid (equal to about 83.7 per cent of the total external aid) came directly from the United States, which also contributed a large share of the multilateral aid extended by various international agencies. The Colombo Plan countries (other than the United States) contributed 8.4 per cent and western European countries (other than the United Kingdom) 0.9 per cent of the total bilateral aid extended to the region in this period.

For the whole postwar period July 1945—June 1958, United States aid reached \$7,180 million, of which 87 per cent was accounted for by grants and 13 per cent by loans. Roughly 84 per cent went for maintaining economic stability and promoting economic development, and 16 per cent for relief of various kinds. Of the \$6,036 million subtotal for economic stability and development, \$4,856 million was administered under the Mutual Security Programme, and recorded in official accounts mainly as "economic and technical assistance" (including "defense support") under the Mutual Security Act of 1954. Another component was in the form of local currency aid made available through the disposal of surplus agricultural commodities under the Agricultural Trade Development and Assistance Act of 1954 (commonly known as Public Law 480, title I). Relief was handled by a variety of agencies. Loans were administered mainly through the Export-Import Bank.

¹ In India it financed only about 10 per cent of the total (public and private) development outlay of Rs 20 billion under the first five-year plan (1951/52-1955/56); of this Rs 2 billion of aid the public sector utilized Rs 1,880 million. (Government of India, Planning Commission, *Review of the First-Five-Year Plan*, May 1957, pp.23, 29-30).

Table 21. United States aid to ECAFE under-developed countries, 1 July 1945 to 30 June 1958
(million dollars)

Item	Net grants	Net credits	Net grants and net credits
Economic stability and development	(5,080)	(957)	(6,036)
Mutual Security Programme (MSP)	(4,325)	(531)	(4,856)
Economic and technical assistance	4,151		4,151
Foreign currencies available under PL480, title I . .	81	2	83
UNKRA (Republic of Korea)	83		93
Loans mainly through the Export-Import Bank . .		529	529
Export-Import Bank Act—			
Direct Loans		158	158
Philippine rehabilitation	635		635
Reconstruction Finance Corporation (Philippines) . .		21	21
Chinese stabilization	120		120
Sales of surplus properties		175	175
Funding		24	24
Prior grants converted into credits		47	47
Relief	(1,144)	(—)	(1,144)
PL 480			
Title II—Famine and other relief	144		144
Title III—Agricultural commodities through private agencies	213		213
UNRRA and post-UNRRA ^a	8		8
GARIOA ^b	325		325
CRIK ^c	444		444
American Red Cross	2		2
Chinese-Korean student assistance (MSP)	8	—	8
TOTAL	6,224	957	7,180

Source: United States Government, Office of Business Economics: *Foreign Grants and Credits* (for quarter ending 30 June 1958), November, 1958, tables 3-4, 6-7.

^a Excluding \$407 million for mainland China.

^b Government and relief in liberated and occupied areas.

^c Civil Relief in Korea.

While data on aid extended by the Soviet Union and countries of Eastern Europe are not available in a form permitting their inclusion in the aggregate table, the Soviet Union is reported to have extended to mainland China since 1949 loans amounting to 5,293 million yuan. Of this sum, 2,174 million yuan were reported to have been used before 1953 and 3,119 million yuan during the period of the first five-year plan. The cost of servicing the Soviet loan is roughly estimated, from available data on total and internal debt service, at 1.5 billion yuan, thus leaving a net loan still outstanding of about 3.9 billion yuan or \$1.7 billion (converted at official rates of exchange).²

² *Economic Survey of Asia and the Far East*, 1957, p.103.

Aid offered by Soviet Union and Eastern European countries to ECAFE countries other than mainland China was estimated on 1 February 1958 at \$586 million. It appears that a substantial part of this has not yet been utilized. The Soviet Union contributed the equivalent of \$521 million, Czechoslovakia \$44.5 million, Poland \$10 million, the German Democratic Republic \$9.5 million and Romania \$1 million. The recipient countries were Afghanistan, Burma, Ceylon, India and Indonesia. Most of this aid was made available in the form of long-term credits bearing an annual interest charge of 2 to 2.5 per cent. The credits were chiefly for the construction of plants and power stations, the development of mining and transport, industrial research and geological surveys.¹

INDUSTRIALIZATION PROGRAMMES

Neither aid to private enterprise nor governmental entrepreneurial initiative, nor external aid nor any combination of these factors has seemed to most countries of the region to be a sufficient answer to the problem they faced; a more systematic approach involving the elaboration for several years ahead

(most commonly five years) of more co-ordinated over-all development programmes has appeared to be necessary. By 1958, almost all the countries of the region had formulated such plans.²

Some of these plans—for example those of British Borneo and Laos—mainly consist of projected expenditures on rehabilitation and on the development of roads and communications. But many others aim at the integrated development of the various economic sectors and emphasize industrial development in varying degrees. The object of this section is to indicate the general scope and nature of the industrial development programmes set out in the published plans, by noting the relation of planning efforts to total economic activity, the relation of industrial and connected projects to total planned effort, the objectives of industrialization and the industrial targets.

EXPENDITURE PLANS

The following table gives a rough idea of the relation of planned activity to total economic activity in a number of ECAFE countries:

¹ *The Sino-Soviet Economic Offensive in the Less Developed Countries*, United States Department of State, Washington, May 1958.

² For a complete list, see United Nations, *Economic Bulletin for Asia and the Far East*, Vol. IX, No.2, September 1958, pp.27-28.

Table 22. ECAFE countries: Planned expenditure in relation to national income and government revenue
(million national currency units)

	Annual national income ^a	Annual government revenue ^a	Average annual volume of planned public expenditure	Average annual volume of planned public & private expenditure	Percentage of (3) to (1)	Percentage of (4) to (1)	Percentage of (5) to (2)	Percentage of (6) to (1)	Percentage of (7) to (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Burma (1956/57-1959/60)	4,336	974	628	...	14.5	...	64.5		
China: Mainland (1953-1957)	70,040	21,762	27,083	...	38.7	...	124.5		
Taiwan (1957-1960)	26,041	3,601	3,082	5,002	11.8	19.2	85.5		
Federation of Malaya (1956-1960)	5,305 ^b	881 ^b	227	...	4.3	...	27.9		
India (1956/57-1960/61)	114,100	12,237	9,600	14,400	8.4	12.6	78.4		
Indonesia (1956-1960)	100,000	14,226	2,500	6,000	2.5	6.0	14.1		
Nepal (1956/57-1960/61)	...	43	66	...	...	...	153.5		
Pakistan (1955/56-1959/60)	19,229	1,343	1,870	2,530	9.7	13.2	139.3		
Philippines (1957-1961)	8,799	1,100	372	1,012	4.2	11.5	33.8		
Viet-Nam, southern (1957-1961)	59,496	7,251	3,500	7,200	5.9	12.1	48.3		

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Vol. IX, No.2, September 1958.

^a Data relating to national income and government revenue are for the first year of the plan or the closest adjacent year—Burma, 1956/1957; China: mainland, 1953; China: Taiwan, 1956 for national income and 1956/57 for government revenue; Federation of Malaya, 1953; India, 1956/1957; Indonesia, 1955; Nepal, 1956/1957; Pakistan, 1955/1956; Philippines, 1957 for national income and 1957/58 for government revenue; Viet-Nam, southern, 1956.

^b Federation of Malaya and Singapore.

Not all the statistics given in this table are up-to-date, and they are only broadly comparable. Nevertheless, they suggest two conclusions. The first is that differences in the intensity of the planned effort are very great. In the countries listed above (except mainland China), the governments are planning to spend anything from 2.5 to 14.5 per cent of the national income on the various planned projects. In mainland China, the ratio is as high as 38.7 per cent. Moreover, as expenditures on social services and other non-capital items in the plans are not very large, the ratio of total planned public and private developmental expenditure to national income provides at least a rough indication of the expected investment rate. This latter ratio is about 20 per cent in China: Taiwan, between 11 and 13 per cent in India, Pakistan and the Philippines, and about 6 per cent in Indonesia.

Secondly, the annual volume of public developmental expenditure typically forms a very high proportion of the total government revenue—upwards of one-fourth in the Federation of Malaya, one-third in the Philippines, generally much more. The 14 per cent figure for Indonesia is exceptional. It may be noted that the percentages in the last column of the table relate *average* annual expenditure as visualized for the plan period to revenue as measured generally for the first year of the plan. Thus, percentages above 100 indicate broadly the extent to which revenue needs to increase unless reliance is to be placed on deficit financing or foreign aid.

The process of starting and expanding industries is closely associated with the growth of other forms

of economic activity; some of these—for example, the creation of power, transport and communications facilities—are even prerequisites. A proper idea of the industrial programmes can therefore be obtained only by looking at all these forms of economic activity together. Statistics showing planned expenditure, public and private, on mining, manufacturing, transport and communications and power are given in table 23, but they must for several reasons be interpreted with care. One difficulty is that data relating to planned or expected private expenditure are not available for many countries. Also, infrastructure items such as transport, communications and power are essential for many non-industrial purposes as well as for industry; the proportion of public money spent on these items, therefore, is not a very precise index to the progress of industrialization. Notwithstanding these difficulties, the statistics yield a few broad conclusions. Judging by the much smaller proportion of the planned expenditure generally allocated to mining and manufacturing than to transport, communications and power, most countries of the region still appear to be primarily concerned with the preparatory stages of industrial development. In Afghanistan, India, Indonesia and Pakistan, the planned expenditure on mining and manufacturing in relation to that on infrastructure is relatively smaller than in the other countries. But only in China (mainland and Taiwan) and possibly in Indonesia and the Philippines is the share of mining and manufacturing in the expenditure plans bigger than that of transport, communication and power.

Table 23. ECAFE countries: Planned public expenditure on mining, manufacturing, transport, communications and power
(percentage of the total planned expenditures)

	Mining and manufacturing	Transport and communications	Power	Transport, communications and power combined	Total
	(1)	(2)	(3)	(4)=(2)+(3) (5)=(1)+(4)	
Afghanistan (1956/57-1960/61)	11.6	16.1	5.2	21.3	32.9
Burma (1956/57-1959/60)	12.2	23.7	11.0	34.7	46.9
China: Mainland (1953-1957)	39.3	11.8	*	...	51.1
Taiwan (1957-1960)	47.7 (51.7)	18.4	...	...	66.1
Federation of Malaya (1956-1960)	1.4	22.3	7.0	29.3	30.7
India (1956/57-1960/61)	18.5 (24.5)	28.8	8.8	37.6	56.1
Indonesia (1956-1960)	25.0 (43.7)	25.0	15.4	40.4	65.4
Iran (1949-1955)	10.6	26.7	5.0	31.7	42.3
Nepal (1956/57-1960/61)	7.3	33.8	9.1	42.9	50.2
Pakistan (1955/56-1959/60)	17.4 (21.2)	17.8	6.9	24.7	42.1
Philippines (1957-1961)	23.3 (42.7)	25.0	11.2	36.2	59.5
Viet-Nam, southern (1957-1961)	9.1	31.4	13.1	44.5	53.6

Source: Published plans of the countries concerned.

Note: Figures in brackets are for public and private expenditure combined.

* Included under "mining and manufacturing".

PLANNED OBJECTIVES AND INDUSTRIAL TARGETS

Diversification of the economy through industrialization and the raising of standards of living are objectives common to all the plans. Only a few plans, however, give targets for the development of individual industries; moreover, the units of output, periods of time and industry descriptions differ considerably from plan to plan. Hence, it is difficult to give in detail a comparable account of the rate of progress planned in the various countries. However, a broad idea of it may be conveyed by the following data (all of which are expressed in constant prices).

In the last year of the second five-year plan of mainland China, the total value of gross industrial output—both modern industry and handicrafts—is expected to be nearly double what it was in the last year of the first five-year plan. In China: Taiwan, the net product of the 23 industries included in the industrial programmes is expected to increase by 110 per cent during the current plan period. In India, the over-all index of industrial production is expected to move up 49 per cent during the second plan period, but this index relates only to factories employing more than 20 workers in 29 industries; as the plan attaches great significance to the development of small-scale and village industries, this index does not give an accurate idea of the over-all planned progress in industrial output. The Japanese index of mining and manufacturing production is planned to move up 60.5 per cent between 1956/57 and 1962/63. In Pakistan, it is estimated that the total output of both large-scale and small-scale industry may increase during the plan period from Rs 7.5 billion to Rs 13 billion, which gives a rate of increase of 72 per cent. In the Philip-

pines, total manufacturing production is expected to increase by about 14 per cent a year during the plan period, as against an increase of 8.8 per cent during 1950-1955. Assuming that the rate given is a compound rate, the increase during the plan period works out at 69 per cent.

Table 24 shows output targets for a few selected industries in the final year of the current plan periods.

As has come to be well known, both mainland China and India have emphasized the establishment of heavy industry as a basis for future industrial expansion. In mainland China, the scheduled rate of increase in producer goods output (i.e. output of capital goods plus intermediate or semi-manufactured goods) in the second plan is much faster than that in the first; it is expected that, by the end of the second plan period, producer goods industries will account for about half the value of total gross industrial output (both modern industry and handicrafts), as against 38 per cent at the end of the first plan. In India, out of a total planned investment of Rs 10,940 million in large-scale industries, 15 per cent will be in capital goods (mainly industrial machinery) and 67 per cent in producer goods industries as a whole.

The Pakistan plan also gives weight to producer goods industries, although they do not constitute a principal objective of the plan. Out of an estimated additional investment of Rs 3,000 million in manufacturing industries, it is proposed to invest about Rs 1,600 million, or 53.3 per cent, in producer goods industries, and their share in investment is expected to rise from about 40 to approximately 45 per cent.

Table 24. ECAFE Countries: Targets of Production
of Major Industrial Products
(in millions of units indicated)

	Cement (tons)	Coal (tons)	Cotton fabrics (metres)	Fertilizers (tons)	Steel (tons)	Sugar (tons)
Afghanistan . . .	0.1	...	77	...	...	...
Burma	0.18	...	...	0.1	...	0.6
China:						
Mainland	12.5 to 14.5	190 to 210	8,595 to 9,509	3 to 3.2	10.5 to 12	2.4 to 2.5
Taiwan	1.2	4.3	195	0.15	...	0.85
India	13	61	7,772	2.2	6	2.29
Indonesia	0.9	1.5	120	0.2	...	...
Iran	0.4	...	...	0.37	...	0.12
Japan	21	65	3,475	9.2	14	...
Pakistan	1.30	0.5	1,248	0.4	...	0.2
Philippines	0.3	...	...	0.2*	...	...

* Refers to capacity.

In view of the general shortage of foreign exchange, it is natural that the saving or earning thereof should be a common objective of almost all the plans. As far as the saving of foreign exchange is concerned, most emphasis is expressed in the plans of Afghanistan, Burma, China: Taiwan, Indonesia, Pakistan and the Philippines. In these plans, the development of consumer goods industries, and of raw materials and intermediate products essential for the development of many light industries, is given particular attention and priority. Full details of targets and import requirements are not available, but the general object appears to be to effect a maximum saving of foreign exchange by increasing self-sufficiency in suitable industries.

The earning of foreign exchange through export promotion is expressed most clearly in the plans of Japan, Pakistan and the Philippines, the emphasis on export expansion being strongest of all in the Japanese plan. Foreign trade is vital to the Japanese economy, and the difficulty of balancing international payments at a high level is one of the major limiting factors of its economic growth. In order to maintain a high level of imports, the country has to do everything possible to maintain a high level of exports. In view of these considerations, it is easy to understand why the Japanese plan sets a target of an 82 per cent increase in exports by 1962/63 as compared with 1956/57. But this rate of increase is claimed to be "more than double that of other countries in the world up to fiscal 1962".¹

The Pakistan plan also emphasizes the risks of dependence on a few agricultural exports, and stresses

the need for promoting and diversifying exports. It recommends the development of jute manufactures and cotton textiles, and proposes a substantial increase in the export of items such as dry fish, resins, cotton seed cakes, surgical instruments and sports goods, at present exported on a small scale. Additional commodities, such as paper and newsprint, are to be added to this list, and future export earnings are expected to come increasingly from such manufactured commodities. In the field of invisibles, the plan recommends the development of shipping, banking and insurance services. As a result of these improvements, the total volume of export earnings is estimated to be Rs 10,500 million during the plan period, and the level of export earnings in 1959/60 is expected to be about 15 per cent higher than in 1954/55.

The Philippine plan states the necessity of reducing dependence on a few primary exports, takes account of the depletion of the country's foreign exchange reserves, emphasizes the necessity of adopting "an active commercial policy of expansion and diversification of overseas markets", and estimates that, as a result of the planned development, export earnings may be stepped up from \$381 million in 1957 to \$438 million in 1961.

The enlargement of employment opportunities is specifically mentioned as an objective in the plans of China: Taiwan, India, Japan, Pakistan and the Philippines. The Indian and Pakistani plans show that a deliberate attempt is being made to promote industries and techniques which will increase employment without reducing the efficiency of production. However, no relevant detailed data are available. The other plans merely mention fuller employment as an objective without discussing it.

¹ Government of Japan: *New long-range economic plan, 1958*, p.13.

Chapter 5

THE GROWTH AND STRUCTURE OF INDUSTRY

In most ECAFE countries the development of modern, large-scale industry is the result of very recent efforts. The region's *per capita* industrial production, therefore, is still far below the world average; and the share of industry in national output and employment remains, on the whole, much smaller than the share of agriculture. Capital goods industries have developed in some countries, especially in Japan, mainland China and India, and their growth rate has in fact been more rapid than that of consumer goods industries, but the production of consumer goods continues to predominate in the region. In many countries, cottage and small-scale enterprises still provide an important part of the industrial output and employment.

The first two sections of this chapter examine in some detail the industrial growth and the corresponding investment in real capital in various countries of the region. The third section analyses the structure of factory industry. The chapter concludes with a brief discussion of the special problems facing cottage and small-scale industry.

THE GROWTH OF INDUSTRIAL OUTPUT

THE GEOGRAPHICAL PATTERN

Japan was the only Asian country which had a well-developed industrial base before the Second World War. China and undivided India had some industry, but all other countries had to start their postwar industrialization almost from scratch.

Among the later starters, the most notable progress has been made in the Philippines, Hong Kong, and, recently, southern Korea. (China: Taiwan and Pakistan have already been included above.) In the Philippines, the large expansion in consumer goods output was helped by foreign trade and exchange restrictions introduced in 1949 and by a favourable investment climate, created by easy credit facilities and the liberal allocation of foreign exchange at special rates for the import of machinery and raw materials. Capital, labour and entrepreneurship from mainland China were partly responsible for the rapid expansion in Hong Kong's manufacturing industry; other factors were the temporary decline in entrepôt trade, the scarcity of land for agricultural development, the liberal economic policy of the Government, and imperial preference which favoured the growth of

export industries. In southern Korea, where the output of manufacturing and mining industries rose by 87 per cent between 1954 and 1957, industrial rehabilitation and subsequent expansion were made possible by extensive foreign aid, mainly from the United States and the United Nations Korean Reconstruction Agency.

In a number of other countries of the region, considerably less progress has been made in industrial activity, owing to a variety of difficulties. Inadequate infrastructure, deficiencies of entrepreneurship and industrial management, inadequacy of skilled labour and the limited size of the markets have tended to discourage investment. Acute foreign exchange shortages have often slowed down the pace of industrialization: In the three landlocked countries—Afghanistan, Laos and Nepal—transport difficulties have further aggravated the situation.¹ Political instability in Burma and Indonesia have made it difficult to plan and execute development programmes. The development plan of the National Planning Council in Ceylon is still in the blueprint stage but is expected to be issued in early 1959.

THE CHOICE OF INDUSTRIES

Many factors have determined the choice of industries for development. The highest priority has been given, in almost all ECAFE countries, to the development of basic economic facilities such as transport and power. Some countries or areas, especially Pakistan, China: Taiwan, the Philippines, Hong Kong and Thailand, have attempted simultaneously to diversify their economies by concentrating on the production of consumer goods. Mainland China and India have paid much more attention to the development of heavy industry, in order to lay a strong industrial base for future development.

In the region as a whole, heavy and chemical industries have tended to grow much faster than light consumer goods industries. In 1948-1956, the output of basic metals and chemicals, petroleum and coal products more than trebled, while the production of food, beverages, tobacco and textiles only doubled. Paper and paper products were an exception; their output increased by 460 per cent, probably for the most part in response to a fast-growing demand for

¹ United Nations, *Economic Survey of Asia and the Far East*, 1957, Ch. 8.

education. In spite of this increase in producer goods output, the share of producer goods in total industrial production is smaller than the share of consumer goods in all countries of the region except Japan and mainland China.

In general, the output of producer goods has been restricted by market limitations, lack of know-how, shortages of capital and management, and the difficulty of obtaining skilled labour. As a result, the region is still heavily dependent on outside sources for the supply of capital goods necessary for further industrial development. For some types of producer goods, however, the standardized nature of production and demand, the availability of raw materials and the high cost of transport tend to favour local manufacture. Cement is an important example; there are now few countries in the region which do not produce at least a part of their own requirements,¹ and some countries have achieved self-sufficiency in this item. The increase in the production of cement in the region between 1938-1956 nearly kept pace with the world increase. In production of pig-iron the region's share even grew slightly in this period, though in steel the region fell back, as is shown below (in million tons):

¹ Japan in 1956 emerged as the leading exporting country in the world. (See chapter 6 below, section on cement, pp.112-118).

	<i>Cement</i>		<i>Pig iron</i>		<i>Crude steel</i>	
	<i>1938</i>	<i>1956</i>	<i>1938</i>	<i>1956</i>	<i>1938</i>	<i>1956</i>
ECAFE region	10.3	27.3	5.2	13.1	7.9	17.4
World total	85.0	229.0	82.5	200.7	110.2	282.6
Share of ECAFE in world total (%)	12.1	11.9	6.3	6.5	7.2	6.2

Source: United Nations, *Statistical Yearbook, 1957*.

The commonest of the light consumer goods industries are labour-intensive industries with modest capital requirements, standardized machinery, plentiful raw materials and a ready domestic market. Inadequate supplies of local raw materials do not, however, necessarily prevent the establishment of consumer goods industries provided sufficient domestic or even export demand exists. This is illustrated by the rise of cotton mills in Japan, China (Taiwan) and Hong Kong. The national censuses of manufactures for five countries of the region analysed below show that, except in Japan, consumer goods industry in recent years contributed two-thirds of the value added by manufacturing and that food processing and textile manufactures were the major consumer goods fields. In India and Pakistan, textile manufactures contributed almost one-half, and, in China (Taiwan) and the Philippines, food processing (primarily the sugar refining industries) contributed about two-fifths of the total value added by manufacturing.

Table 25. Selected ECAFE countries: Percentage shares of different industries in total value added by manufacturing

Item	China (Taiwan) 1954	India 1954	Japan 1955	Pakistan 1954	Philippines 1956
Consumer goods industries:					
Food processing, beverages and tobacco . . .	38.5	10.9	11.8	15.0	44.9
Textiles	14.8	50.7	14.1	46.7	4.5
Wearing apparel and footwear including leather products	2.5	0.4	1.7	4.8	5.6
Wood and cork products including furniture and fixtures	4.7	0.3	4.8	0.1	5.7
Paper and paper products	2.0	2.1	4.5	1.4	1.9
Printed and published materials	3.7	—	5.8	3.0	3.1
Rubber products	1.0	—	1.9	0.8	1.0
	67.2	64.4	44.6	71.8	66.7
Producer goods industries:					
Chemicals and chemical products	8.4	8.4	14.3	{ 8.4	9.6
Products of petroleum and coal	3.3	—	1.7		—
Basic metals	1.9	11.4	8.5	1.7	0.9
Metal products	2.0	1.8	3.9	2.5	3.6
Machinery including electrical machinery . . .	4.0	9.2	13.3	1.4	1.9
Transport equipment	4.8	0.6	5.9	1.2	2.0
Non-metallic minerals	6.0	4.2	5.6	3.4	5.0
	30.4	35.6	53.2	18.6	23.0
Miscellaneous	2.4	—	2.2	9.6	10.3

Source: National censuses of manufacturing. In view of differences in definition and coverage the classification must be regarded as rough; for example, chemical products may include consumer goods.

* Included in "miscellaneous".

In southern Korea, producer goods in 1956 contributed 32.4 per cent of the value added by manufacturing, in southern Viet-Nam, 5.3 per cent. In mainland China in 1957 producers goods were reported as contributing 52.2 per cent of total industrial output.¹ Data for other countries are not available.

Some industries have been established to process local products for export, although domestic demand is small—jute manufacturing in Pakistan and rubber remilling plants and tyre factories in Indonesia are examples. Industries have also been established to assemble imported components or to process imported raw materials in order to effect a net saving in transport costs or in foreign exchange for processing—for example, oil-refining in China; Taiwan, India and Japan; automobile assembling in India, Japan, Pakistan and the Philippines; refrigerator assembling and the manufacture of electric appliances in the Philippines. A widening of the range of manufactured goods is taking place in all countries of the region.

AGGREGATE RATES OF GROWTH

Mining and manufacturing output in the ECAFE region excluding mainland China rose between 1948 and 1956 by about 150 per cent, while the corresponding expansion in the world as a whole amounted to 59 per cent, and, in Latin America, to only 48 per cent. In the last three years of the period (between 1953 and 1956), however, the regional index of manufacturing and mining production (excluding mainland China) rose more slowly—by 43 per cent, as against 16 per cent for the world as a whole (excluding the Soviet Union and Eastern Europe).² The following index numbers show the rates of growth of industrial output (including manufacturing and mining) during the period 1952-1957 in the countries for which data are available:

	1957 (1952=100)
China: Mainland	219 ^a
Taiwan	180
Hong Kong	157 ^b
India	142
Japan	207
Korea, southern	193 (1954=100)
Pakistan	250
Philippines	171

Sources: United Nations, *Economic Bulletin for Asia and the Far East*, Asian Economic Statistics, 1952-1958; official statements of the Government of the People's Republic of China.

^a Index based on gross value of industrial production.

^b Index based on the number of workers in recorded and registered factories.

¹ *New China Semi-Monthly* (Peking, in Chinese), No.5, 1958.

² United Nations, *Monthly Bulletin of Statistics*, February 1958.

These impressive rates of industrial growth, of course, were due in almost all cases to a very low starting base. The total contribution of the region to the world output of manufactured goods has remained small and the *per capita* production very low indeed.

An important measure of the degree of industrialization is provided by the share of industry in national output. In ECAFE countries for which national income data are available—countries which, generally speaking, are more industrialized than those lacking such data—it rose from an average of 19.3 per cent in 1952 to 24.8 per cent in 1956.³ Only in mainland China, Hong Kong and Japan was the proportion about one-third in the latter year.⁴ In industrially advanced countries in other regions, the corresponding share was about 40 per cent. The following statistics show the position of individual countries:

	Percentage share in national output			
	Industry ^a		Agriculture	
	1952	1956	1952	1956
Burma	15.5	15.8	45.4	40.5
Cambodia	11.0	12.3	52.1	44.1
Ceylon	14.1	14.6	51.9	48.7
China: Mainland	21.0	32.0	59.2	48.1
Taiwan	23.0	26.9	35.1	32.7
Federation of Malaya . . .	7.4	...	40.8	...
Hong Kong . . . . .	...	38.3 ^b	...	2.9 ^b
India	17.3	17.3	48.9	49.9
Indonesia	11.6	...	56.4	...
Japan	31.8	33.3	23.9	19.0
Korea, southern	15.5 ^c	15.9	42.9 ^c	42.4
Pakistan	8.3 ^d	11.3 ^d	59.1	57.2
Philippines	14.6	19.4	42.8	39.7
Thailand	16.6	17.6 ^e	48.9	44.4 ^e
Viet-Nam, southern . . . . .	...	12.2 ^e	...	29.3 ^e

Source: National data compiled by ECAFE secretariat. For mainland China see *Peking Review*, 8 April 1958.

^a Including manufacturing, mining, construction and power.

^b 1954/55.

^c 1953.

^d Excluding construction.

^e 1955.

It appears from the above statistics that, as the expansion of the industrial sector in the ECAFE region took place, the average share of agriculture in national output declined from 46.1 per cent in 1952 to 44.6 per cent in 1956.⁵

⁸ Weighted average, with population figures taken as weights.

⁴ In mainland China the share of industry in national output would be lower if all services were included.

⁵ Weighted average, with population figures taken as weights.

PER CAPITA PRODUCTION

Although the level of industrial production in the region is low, it has risen considerably in recent years as the following statistics of *per capita* output show:

Table 26. ECAFE region: Growth of Per Capita Production of Major Industrial Products, 1950-1956

	ECAFE region 1950	World average 1956	1956
(in kilogrammes unless otherwise stated)			
Producer goods:			
Coal	57.5	63.6	577
Crude petroleum . .	32.9	31.2	307
Iron ore	4.0	7.1	68
Pig iron	3.0	8.6	72
Crude steel	4.8	8.8	102
Cement	6.6	14.2	84
Ammonium sulphate	1.2	2.3	...
Consumer goods:			
Cigarettes (pieces) .	88.6	127.2	577.2
Paper (other than newsprint) ^a . . .	0.5	2.0	12.6
Cotton fabrics ^b (metres)	3.8	9.8	13.4 ^c
Sugar	2.1	3.6	14.1
Vegetable oils . . .	0.6	0.8	...

Source: United Nations, *Statistical Year Book, 1957*.

^a Excluding China (mainland).

^b Excluding handloom production.

^c International Cotton Advisory Committee, *Cotton-World Statistics*, January 1958.

Among the producer goods, the increase in *per capita* production of coal in the region was mainly the result of the rapid growth of production in mainland China and Japan, where *per capita* production was much above the average for the region. However, *per capita* production of crude petroleum fell slightly, chiefly because of the decline of production in Iran.

Production of crude steel and pig-iron was also concentrated in Japan, mainland China and India, in that order. Japan was by far the leading steel producer, making 64 per cent of the region's crude steel and 48 per cent of the region's pig-iron, and its *per capita* production of 123 kg was 20 kg more than the world average. Japan, however, depends mainly on imported iron ore and coking coal for the growth of its iron and steel industry. In the case of India, in spite of natural advantages, progress in the production of crude steel and pig-iron was comparatively slow. The most rapid increase was reported in mainland China—from 0.6 million tons of crude steel in 1950 to 5.2 million tons in 1957, and from 1.0 million tons of pig-iron in 1950 to 5.9 million tons in 1957.

Cement also showed a very high rate of increase during 1950-1956, both in total and in *per capita* production. Production, as noted, was spread more

evenly over the different countries of the region than in the case of other producer goods. China (Taiwan), Hong Kong, Japan, the Philippines and Thailand exceeded the regional average of *per capita* production.

Production of ammonium sulphate, which is concentrated in Japan, China (Taiwan and mainland) and India, almost doubled on a *per capita* basis, although considerable quantities had to be imported from outside the region.

Consumer goods production, *per capita*, remained during 1950-1956 on a low level although there were some significant increases in volume. *Per capita* production of cotton fabric in the region rose by 1.6 times during 1950-1956. China (mainland and Taiwan), India, Japan and Pakistan together were responsible for 98 per cent of total production of cotton fabrics in the region.

Progress in production of other consumer goods varied considerably among the countries. India, China (mainland and Taiwan), the Philippines and Indonesia, in that order, were responsible for virtually the total sugar production in the region. Jute manufacturing was almost exclusively concentrated in India and Pakistan. But most countries shared in the increased manufacture of paper, cigarettes and vegetable oils.

THE GROWTH OF INVESTMENT

CAPITAL FORMATION

An economy's accumulation of productive capital from current output provides the means for future growth. The rate of capital formation in different ECAFE countries in the years after the end of the Second World War can be calculated by using several different measures—comprehensive direct information on capital formation, the rate of consumption of cement and steel, the volume of imports of capital goods.

Direct estimates of capital formation are available for only a few countries and, even for them, the variations in the scope of national estimates and price differences between countries make accurate assessment difficult.¹ It is however clear that a fairly high annual rate of capital formation has been achieved and sustained in several countries in the region during the last decade. This capital formation enabled the expansion of industrial output to take place, although

¹For a discussion of the methods of estimating national income and related aggregates in Asian countries, see *Economic Bulletin for Asia and the Far East*, Vol.III, Nos.1-2, November 1952, pp. 13-26. Also the paper on "Estimation of capital formation in countries of the ECAFE region" for the Conference of Asian Statisticians (second session, 8-19 December 1958, Bangkok) (E/CN.11/ASTAT/Conf.2/L.1, 25 September 1958).

the relationship is indeterminate and there is no theoretical justification for expecting a very close correlation. In most ECAFE countries, the growth of industrial output does not correspond to the expansion in total capital formation because a high proportion of development expenditure has to be devoted to infrastructure. Also, as a result of technological progress, new capital investments are more productive than old ones; the yield thus varies from one country to another according to the degree of technical advance and the time-lag in the application of the latest techniques.

The following statistics show the rates of gross fixed capital formation¹ in selected ECAFE countries and in some countries outside the region:

Table 27. ECAFE countries: Gross Fixed Capital Formation^a as Percentage of Gross Domestic Product, and Per Capita Gross Fixed Capital Formation, 1950-1956

Country	Percentage ratio of gross fixed capital formation to gross domestic product	Per capita gross fixed capital formation (US\$) ^b
Burma	15.8	7.4
Ceylon	9.8	12.1
China: Taiwan (1951-1955) .	12.2	18.9
Federation of Malaya and Singapore (1950-1953) . . .	8.2	30.7
Hong Kong (1954/55) . . .	8.0	22.5
India (1950-1953)	9.8	6.1
Japan	20.6	43.4
Korea, southern (1953-1955) .	10.1	14.4
Philippines	7.0	13.3
United States	16.8	372.0
United Kingdom	14.2	131.0
Germany, Federal Republic of .	20.7	125.0

Source: United Nations, *Yearbook of National Accounts*, 1957, except Hong Kong, for which see Szczepanik, *op.cit.*, pp.177-178.

^a Excluding changes in stocks.

^b Generally, national currencies are converted into US dollars at the official rates of exchange.

Most countries in the region are estimated to have a low rate of gross fixed capital formation (below 10 per cent). Countries with a moderate rate (10-15 per cent) are Ceylon, China: Taiwan, India and southern Korea. Two of these, China: Taiwan and southern Korea, were faced with the problem of reconstruction and have received substantial amounts of foreign aid. Burma in this period had a rate of more than 15 per cent because of a rapid expansion in construc-

¹ Most countries in the region for which gross fixed capital formation data are available do not provide information on depreciation; it is therefore difficult to indicate the rate of net capital formation.

tion. Japan had a rate of almost 21 per cent which was even higher than in the United States and the United Kingdom. (The Federal Republic of Germany under similar conditions and with similar problems achieved almost the same rate of gross fixed capital formation as Japan.) In mainland China, the rate of net capital formation in the five-year period 1952-1956 is reported to have reached 19 per cent of net domestic product; this high rate appears to have been achieved by exercising rigorous control over consumption and by a vigorous expansion of fixed capital formation in the public sector.

Despite its high rate of gross fixed capital formation, Japan's *per capita* gross fixed capital formation was only one-ninth of that in the United States, and not much more than one-third of that in the United Kingdom or the Federal Republic of Germany. In other countries of the region, the *per capita* amount was much lower, although comparatively high in the Federation of Malaya and Singapore, and in Hong Kong.

Increased capital formation rates are proposed in the various national development plans. In Japan, the gross investment in 1962/63, and the rate of gross saving (inclusive of a small surplus for foreign investment) are expected to be about 30 per cent of the gross national expenditure.² The proposed rates are much less in other countries. In China, the net total investment in Taiwan is expected to be 15.4 per cent of the net national income during the second four-year plan period (1957-1960); on the mainland the Chairman of the State Economic Commission stated in 1956 that "for a number of years to come it will be fairly safe to fix the proportion of national income going to accumulation at no less than 20 per cent or possibly a little higher".³ In India, it is assumed that the rate of net investment will go up from 7 per cent to 11 per cent during the second five-year plan period (1956/57-1960/61). The Indonesian five year plan (1956-1960) gives a net rate of 7.3 per cent in 1960 as compared with an estimated 5 per cent rate before 1956. These figures are, however, largely in the nature of estimates, and improved data in this field would be of particular value for many important economic calculations.⁴

THE COMPOSITION OF INVESTMENT

The available data on the composition of gross capital formation are very incomplete, as the following limited tabulation will suggest.

² In net terms, the rate appears to be close to 25 per cent.

³ Eighth National Congress of the Communist Party of China, (Foreign Language Press, Peking 1956) Vol.II: speeches, p.52.

⁴ Economic Bulletin for Asia and the Far East, Vol.IX, No.3, December 1958.

Table 28. ECAFE countries: Composition of gross capital formation, 1950-1956
(in percentages)

	Dwellings	Other construction	Total construction	Transport equipment, machinery & other equipment	Increase in stocks
Burma . . . . .	...	...	64.1	23.8	12.1
Ceylon	44.6 ^a	23.5	68.1	23.7	8.2
China: Taiwan (1951-56) . . . . .	...	...	35.4	35.2	29.4
Federation of Malaya and Singapore (1950-53)	26.7 ^a	22.9	49.6	50.4	—
Hong Kong (1950-54) . . . . .	...	...	35.1	44.9	...
Japan	6.1	...	...	69.4 ^b	24.5
Korea, southern (1954-56)	33.0	36.2	69.2	25.5	5.3
Philippines	17.3	33.7	51.0	32.7	16.3

Source: United Nations, *Yearbook of National Account Statistics, 1958*.

^a Including non-residential buildings.

^b Including non-residential construction and increase in stocks of government enterprises and public corporations.

Investment in machinery and equipment has evidently been quite small in most countries, as compared with investment in construction. Gross capital formation in "transport equipment, machinery and other equipment" was only one-fourth to one-third of total gross capital formation in Burma, Ceylon, China: Taiwan, southern Korea and the Philippines. In Japan the ratio probably was higher but an exact estimate cannot be made because the figure given includes non-residential construction and increases in stocks of government enterprises and public corporations. Hong Kong and the Federation of Malaya and Singapore also achieved rather high gross rates of capital formation in machinery and equipment, about 45 per cent and 50 per cent of the total respectively. Thus, if we exclude construction, the ratio of gross capital formation to gross domestic product and the per capita gross capital formation were much lower than the previously given totals in almost all countries in the region except the Federation of Malaya and Singapore, Japan and Hong Kong. This was because heavy public expenditure was necessary to provide basic economic overheads like transport and power, and because private enterprise often found it more profitable to invest in dwelling construction, which brought quick and large returns, than in industry.

Apart from mainland China, the share of the private sector in the accumulation of fixed capital in various parts of the region has been very substantial. In the Federation of Malaya and Singapore (1950-1953), Hong Kong (1948-1955), India (1950-1953), Japan (1950-1956), southern Korea (1953-1955) and the Philippines (1950-1956), the share of the private sector in total gross fixed capital formation was

more than 60 per cent. The government's role in gross fixed capital formation was generally limited to the provision of infrastructure, which required heavy capital expenditure; investment in directly productive activities was almost exclusively carried on by private enterprise.

THE CONSUMPTION OF STEEL AND CEMENT

Industrial capital formation can be measured by studying the trends in consumption of the two main raw materials used for the production of capital goods, steel and cement. There are, however, no data to make it possible to deduct the steel and cement used for residential construction.

The statistics in table 29 show the *per capita* consumption (in kilograms). *Per capita* consumption of steel and cement naturally shows wide differences between countries in varying stages of development. A majority of the countries in the region consumed less than 10 kg of steel *per capita* in 1956. The inclusion of mainland China (8.6 kg *per capita*) and India (9.3 kg *per capita*) in this group is indicative of their large populations and the predominance of light industries. China: Taiwan and the Philippines, though consuming 14 kg of steel *per capita* in 1956, were still at an early stage of industrial development, a part of the steel consumption being for non-industrial purposes. The Federation of Malaya and Singapore, Hong Kong and Japan consumed much more steel *per capita* than the other countries in the region, but considerable amounts went into the house building and infrastructure of the two populous entrepôts of Hong Kong and Singapore.

Table 29. ECAFE countries: Growth of per capita consumption of steel and cement, prewar, 1950 and 1956

	Prewar ^a	1950	1956	percentage change in 1956 over prewar	percentage change in 1956 over 1950
A. Steel consumption					
Ceylon	4.1	6.8	8.4	105	24
China: Mainland	3.3	2.2 ^b	8.6	161	291
Taiwan . . . . .	...	8.0 ^b	14.0	...	75
Federation of Malaya and Singapore . . .	29.0	23.0	41.0	41	78
Hong Kong	39.0	50.0	81.0	108	62
India	3.8 ^c	4.9	9.3	145	90
Indonesia	3.4	1.6	2.9	-15	81
Iran	7.8	8.9	11.6	49	30
Japan	80.0	50.0	111.0	39	122
Pakistan . . . . .	...	3.4	3.9	...	15
Philippines	8.1	7.6	14.3	77	88
Thailand	2.3	5.4 ^b	7.5	226	39
B. Cement consumption					
Burma	5	1	6	20	500
Ceylon	14	22	25	79	14
China: Mainland . . . . .	...	...	10	...	...
Taiwan	57	43	69	21	60
Federation of Malaya and Singapore . . .	47	65	64	36	-2
Hong Kong . . . . .	...	45	117	...	160
India	5	7	13	160	86
Indonesia	4	3	6	50	100
Iran	3	4	7	133	75
Japan	84	48	121	44	152
Pakistan . . . . .	...	6	9	...	50
Philippines	12	17	22	83	29
Thailand	6	10	20	233	100

Source: For steel consumption see United Nations, *Statistical Yearbook*; for cement consumption data compiled by the ECAFE secretariat.

^aAverage of 1936-1938 for steel consumption and 1938 for cement consumption.

^b1950-1952.

^cPakistan included under India.

Per capita consumption of steel in 1956 was greater than the prewar average (1936-1938) for most countries in the region, though there was a decline in Indonesia owing to disturbed political conditions. As a result of their concentrated effort at industrialization, the *per capita* consumption of steel in mainland China and India had by 1956 increased about one-and-a-half times over the very low prewar average. Japan, which had the highest *per capita* steel consumption in the region in the prewar period, showed in 1956 a comparatively small increase of 39 per cent over the prewar level. During the same period *per capita* steel consumption doubled in Ceylon and Hong Kong, trebled in Thailand and rose by about one-half in Iran and about three-fourths in the Philippines.

In the period 1950-1956, which roughly coincides with the first planned efforts of many of the governments at economic development, *per capita* steel consumption rose three times in mainland China, more

than doubled in Japan and almost doubled in India and the Philippines. Most of the other countries in the region (China: Taiwan, Federation of Malaya and Singapore, Hong Kong, Indonesia and the Philippines) showed increases of 60 to 90 per cent.

Per capita cement consumption rose in this period at a higher rate than *per capita* steel consumption in Hong Kong, Indonesia, Iran, Japan, Pakistan, and Thailand, mainly because of greater concentration, in these countries, on construction and infrastructure, which use more cement than steel. In 1956, China: Taiwan, the Federation of Malaya and Singapore, Hong Kong and Japan, which had the highest *per capita* steel consumption (with the exception of the Philippines, which stood slightly above China: Taiwan), also had the highest *per capita* cement consumption, with Japan and Hong Kong considerably above the rest.

IMPORTS OF CAPITAL GOODS

Further information about the extent of, and trends in, industrial capital formation can be obtained by examining the ratio of imports of capital goods to gross national product in the ECAFE countries for which such data are available. This does not apply to China (mainland), or fully to India, or to Japan, in all of which the development of heavy industry has been an integral and vital part of the total effort. Japan, in particular, is now a net exporter of capital goods. But the method nevertheless has some advantages for most of the countries in the ECAFE region, since they still rely largely on imports for their capital goods requirements, so that the size of their industrial efforts is closely related to the value of their capital goods imports. It is understood, of course, that industrial capital formation includes, in addition to the value of capital goods, the value of materials and labour used in the installation of capital equipment and the construction of buildings.

The statistics in table 30, compiled mostly for 1950 and 1956, show imports of capital goods as percentages of gross national product at current prices in

Table 30. ECAFE countries: Capital goods imports as percentages of gross national product, 1950 and 1956

	<i>Imports of base metals and manufacturers as % of GNP (1)</i>	<i>Imports of machinery and transport equipment as % of GNP (2)</i>	<i>Combined total (1)+(2)</i>
Burma			
1950	0.74	1.66	2.40
1956	1.62	3.84	5.46
Ceylon			
1950	1.09	1.70	2.79
1956	2.13	3.54	5.67
China: Taiwan			
1951	0.12	0.17	0.29
1956	1.70	2.78	4.48
Federation of Malaya and Singapore			
1950	1.45	3.95	5.40
1953	2.65	4.99	7.64
India			
1950	0.48	1.06	1.54
1953	0.44	0.96	1.40
Japan			
1950	0.04	0.07	0.11
1956	0.50	0.63	1.13
Pakistan*			
1950	...	0.94	...
1956	0.35	0.69	1.04
Philippines			
1950	0.97	1.43	2.40
1956	1.25	2.67	3.92
Thailand			
1950	1.02	1.06	2.08
1955	2.16	3.57	5.73

*Referring to net domestic product and imports on private account only, both at 1949/50-1952/53 prices.

various countries of the region. Capital goods are here treated in two broad groups: base metals and their products, and machinery and transport equipment. The wide variety of items included in the base metals group detracts somewhat from their value as an indicator of industrial capital formation. The second group, machinery and transport equipment, is a more reliable guide, although in some countries it includes considerable imports of automobiles and other durable consumer goods such as electric and other domestic appliances.

Between 1950 and 1956, largely as a result of governmental efforts to quicken the pace of industrialization, there were sharp increases in imports of capital goods, both absolutely and in proportion to the gross national product. By the latter year, the ratio of capital goods imports to gross national product reached about 4 per cent in the Philippines, 4.5 per cent in China: Taiwan (which had the highest rate of increase), and between 5.5 and 6 per cent in Burma, Ceylon and Thailand. The ratios for the last three countries more than doubled during the six year period. The comparatively high percentage of the Federation of Malaya and Singapore was partly accounted for by the entrepôt trade of Singapore. The low figure for Pakistan can be partly explained by the exclusion of government imports.

THE STRUCTURE OF FACTORY INDUSTRY

Factory industry in the ECAFE region is a mixture of large-scale and small-scale enterprises. It is not possible to analyse its characteristics precisely or fully. Postwar censuses of manufacturing have been taken in only five countries. Inter-country comparisons are complicated by differences in the way establishments are defined in various countries. Census classifications group together plants that manufacture somewhat different commodities, and report plants that make a number of products as though their entire equipment and work force were engaged in making the principal product. Nonetheless it is possible to get a broad idea of the employment distribution, scale of operation, cost of fuel and materials, share of wages and salaries in value added, capital-output ratios and capital intensities.

THE DISTRIBUTION OF MANUFACTURING EMPLOYMENT

In all the ECAFE countries except Japan and Hong Kong, only a small proportion of the working population is employed in the manufacturing sector, particularly in the branch of manufacturing covered by statistics, often referred to as the "organized" branch and consisting of "factories". Data are available for six ECAFE countries on employment in that branch

of the manufacturing sector, but not in the larger, unorganized branch of handicraft industries functioning in workshops or homes.

Factory employment is classified roughly into three principal groups, "food and textiles", "metals and engineering" and "others".¹ The food and textile industries have always been the first to receive attention in countries embarking upon a programme of industrial development. The availability of a market, the relatively modest amount of capital required and the little technological skill needed favour their development. Metals and engineering industries follow only later.

Of six ECAFE countries or areas with available data, all except Japan and Hong Kong have about 45 per cent or more of their total manufacturing employment concentrated in "food and textiles" and only about 10-20 per cent in "metals and engineering", as the following statistics show:

¹ The "food and textiles" group comprises food processing, beverages, tobacco, textiles, footwear, other wearing apparel and made-up textile goods. The "metals and engineering" group comprises basic metals, metal products, machinery (including both electrical and non-electrical machinery) and transport equipment.

	Food and textiles	Metals and engineering	Others	Total employees (thousands)
China: Taiwan (1954)	44.1	18.5	37.4	310
Hong Kong (1957)	45.7	32.4	21.9	145
India (1953)	73.4	16.3	10.3	1,715
Japan (1955)	33.7	29.3	37.0	4,856
Pakistan (1954)	64.0	12.0	24.0	201
Philippines (1956)	57.3	10.2	32.5	147

Source: National Censuses of Manufacturing and *Hong Kong Annual Report 1957*, p.372 (data refer only to registered and recorded enterprises).

It may be noted that, in the United Kingdom and United States, employment in "food and textiles" was greater than in "metals and engineering" at the beginning of the 20th century. In the United Kingdom 50.3 per cent of total manufacturing employment was still concentrated in "food and textiles" in 1911; by 1951, however, the proportion had declined to 30.7 per cent, while employment in "metals and engineering" had risen from 30.2 per cent (in 1911) to 49.4 per cent. In the United States, employment in "food and textiles" dropped from 32.6 per cent in 1900 to 24.2 per cent in 1954.²

THE SCALE OF OPERATION

The figures set out in table 31 show the average number of workers per establishment.

² "The world's working population: Its industrial distribution", in *International Labour Review*, Vol.LXXIII, February 1956, pp.514-515, Table V.

Table 31. Selected ECAFE countries: Average number of workers per establishment in manufacturing industries

	China: Taiwan 1954	Hong Kong 1957	India 1954	Japan 1955	Pakistan 1954	Philippines 1956
All Industries	8	46	258	26	108	83
Food, manufactured	5	20	88	16	57	118
Beverages	28	30	101	19	40	138
Tobacco products	543	154	—	—	259	224
Textiles	24	67	1550	30	278	111
Footwear, other wearing apparel and made-up textile goods	3	51	—	19	72	38
Wood and cork products, except furniture and fixtures	6	18	92	14	17	95
Furniture and fixtures	3	29	—	13	—	51
Paper and paper products	28	22	539	32	397	77
Printed and published materials and allied products	14	19	—	27	77	96
Leather products, except footwear and other wearing apparel	7	22	80 ^a	17	54	51
Rubber products	16	99	—	83	94	152
Chemical and chemical products . . .	16	29	167	70	74	98
Products of petroleum and coal . . .	18	—	—	40	74	— ^b
Cement	(17)	27	(862)	(493)	(644)	—
Non-metallic mineral products, except products of petroleum and coal . . .	15	299	22	160	99	—
Basic metal products	80	46	691	77	110	99
Iron and steel	(69)	(56)	(691)	(77)	—	(56)
Metal products, except machinery and transportation equipment	5	52	106	20	52	88
Machinery, except electrical machinery .	12	17	85	30	34	81
Electrical machinery and apparatus .	7	45	203	57	57	64
Transportation equipment	5	319	128 ^c	65	83	102
Miscellaneous	4	35	—	18	53	53

Source: National Censuses of Manufacturing and *Hong Kong Annual Report 1957*, p. 372.

^a Tanning only. ^b Included in "Miscellaneous". ^c Bicycles only.

Differences in the coverage of national censuses are largely responsible for making the average size of factories in China: Taiwan and Japan seem so small in comparison with other countries. In India and Pakistan, the "establishments" covered in the census all employ 20 or more workers and use power. In the Philippines, a basic minimum of 20 workers is applicable, but there is no condition as to the use of power. In Japan the "establishments" covered are those employing 4 or more workers. In Hong Kong, registered enterprises employ at least 20, and recorded enterprises at least 15 workers. In China: Taiwan, there is no minimum limit of workers. Moreover, not all the censuses and surveys follow the international standard industrial classification, and adjustments have accordingly had to be made in constructing statistical tables for the present text.

It is clear that the size of the market is the principal factor determining the average size of an establishment. Thus, in China: Taiwan the only large-scale industry is tobacco manufacturing which, being a government monopoly, enjoys a nation-wide market. Base metals, which usually require a large-scale industry, are dealt with in medium-size mills (about 50-100 workers) that perform only one process each, e.g. smelting iron or rolling steel. In Pakistan and the Philippines most of the plants are small (less than 50 workers) but, again, goods which have a large domestic market (tobacco products, beverages, textiles, rubber products, paper and paper products) are produced in large factories. In India, in spite of government encouragement of small-scale industry, the average size of establishments (apart from any differences in definition) is considerably larger than in the other countries for which we have data. This is due partly to the bigness of the domestic market, and partly to the existence of a considerable body of large entrepreneurs as well as financial institutions including stock exchanges. The cotton and jute plants are particularly large because they developed early and export markets are available for their products. Large-scale production of iron, steel and cement is influenced by the size of the domestic market and by the greater economy of large-scale operation. Although large-scale establishments are the core of Japanese factory industry, highly mechanized small-scale plants employ the bulk of the workers. In 1955, large-scale industries employing more than 200 workers accounted for about 35 per cent of Japan's total manufacturing employment, while employment in small-scale industries employing less than 50 workers accounted for about 46 per cent.¹

THE STRUCTURE OF COSTS

Industries differ widely in their cost structure. Raw materials make a particularly important difference in the cost of the finished article in the textile industry; interest and depreciation in the capital-intensive industries; wages and salaries in the labour-intensive industries. There can seldom be a fixed combination of factors of production for a given process over a period of time. The changing pattern of prices soon upsets any balance and makes some other method of production more economical. At early stages of industrialization, countries with an abundant labour supply and inadequate capital and technology invariably draw heavily on labour.

The following data, obtained from the censuses of manufacturing of five ECAFE countries and summarized in table 32, give an idea of the cost of *raw materials and fuel* in different lines of manufacturing. They show that the proportion of material costs and fuel is generally high in under-developed countries which are trying to process available raw materials with as little capital expenditure as possible. The particularly high material and fuel cost in India (68.6 per cent) is due largely to the predominance of food and textile industries. For Japan, where the existence of advanced techniques of production might be expected to result in a rather low ratio of raw material and fuel costs to the gross value of the final product, the relatively high actual ratio (64.3 per cent) is attributable primarily to the importance of the textile and iron and steel industries.

There are certain similarities between these countries in the use and costs of raw materials. In the case of textiles, rubber and chemicals, the amount of raw materials and fuels consumed in all countries is almost the same and the slight difference is apparently not structural but due to the additional cost that may be required for importing raw materials. For cotton textiles, for instance, the cost of raw materials is higher in Japan, because Japan is dependent on imported raw cotton.

The ratio of *wages and salaries* to the value added by manufacturing varies a good deal in the five countries for which data are available, as is shown in table 33.

¹ *Economic Survey of Asia and the Far East, 1957*, p.53.

Table 32. Selected ECAFE countries: Percentage Ratio of Cost of Raw Materials and Fuel Consumed to Gross Value of Final Products

Industry	China: Taiwan 1954	India 1954	Japan 1955	Pakistan 1954	Philippines 1956
All Industries	61.4	68.6	64.3	65.0	53.0
Food, manufactured	76.7	87.3	74.2	79.3	53.2
Beverages	23.6	57.8	27.0	27.5	32.7
Tobacco products	37.9	...	...	47.0	53.5
Textiles	67.9	64.7	73.5	50.7	63.3
Footwear, other wearing apparel and made-up textile goods	48.9	...	69.0	53.6	63.4
Wood and cork products, except furniture and fixtures	59.2	61.3 ^a	70.9	67.4	56.3
Furniture and fixtures	52.6	...	58.3	...	53.4
Paper and paper products	68.6	56.1	67.0	64.5	56.3
Printed and published materials and allied products	35.3	...	46.2	37.8	47.8
Leather products, except footwear and other wearing apparel	72.6	85.7 ^b	72.7	62.4	58.4
Rubber products	64.3	...	59.6	52.3	53.7
Chemicals and chemical products	68.8	59.8	60.3	...	53.1
Products of petroleum and coal	56.7	...	65.8	53.1	62.6 ^c
Non-metallic mineral products, except products of petroleum and coal	44.9	53.2	48.9	51.1	42.1
Cement . . . . .	...	55.1	41.9	53.0	...
Basic metal products	73.9	...	...	72.4	46.0
Iron and steel	74.0	47.0	73.9	...	61.4
Metal products, except machinery and transportation equipment	58.1	74.0	62.3	66.4	56.9
Machinery, except electrical machinery	49.0	57.5	55.4	56.8	52.9
Electrical machinery, apparatus, appliances and supplies	64.7	51.0	53.6	48.8	48.8
Transportation equipment	36.8	60.5 ^e	68.0	58.4	70.4
Miscellaneous	40.8	—	62.6	86.5	36.1

Source: National Censuses of Manufacturing.

^a Plywood and tea chest only.

^b Tanning only.

^c Bicycles only.

^d Included in "Miscellaneous".

Table 33. Selected ECAFE countries: Percentage Ratio of Wages and Salaries to Value Added by Manufacture

Industry	China: Taiwan 1954	India 1954	Japan 1955	Pakistan 1954	Philippines 1956
All Industries	25.8	58.6	38.2	30.7	31.2
Food, manufactured	23.7	45.7	30.1	28.4	27.2
Beverages	5.5	51.8	20.1	9.6	20.0
Tobacco products	5.4	...	...	7.9	23.3
Textiles	30.5	70.3	36.3	31.7	40.3
Footwear, other wearing apparel and made-up textile goods	33.0	...	41.8	37.9	47.9
Wood and cork products, except furniture and fixtures	34.4	45.9 ^a	47.1	63.2	64.9
Furniture and fixtures	39.6	...	53.2	...	59.3
Paper and paper products	41.9	40.3	35.1	41.4	26.8
Printed and published materials and allied products	36.3	...	36.9	49.8	69.5
Leather products, except footwear and other wearing apparel	59.4	65.6 ^b	42.2	12.5	29.5
Rubber products	35.0	...	30.0	25.1	44.7
Chemicals and chemical products	29.2	35.8	28.1	...	26.3
Products of petroleum and coal	19.9	...	21.0	19.7	...
Non-metallic mineral products, except products of petroleum and coal	32.8	44.4	35.5	30.3	25.4
Cement . . . . .	...	27.7	18.0	23.2	...
Basic metal products	41.0	...	...	35.1	29.9
Iron and steel	30.6	42.7	43.0	...	56.2
Metal products, except machinery and transportation equipment	44.0	43.9	44.5	66.1	43.1
Machinery, except electrical machinery	42.5	65.3	49.9	58.6	59.0
Electrical machinery, apparatus, appliances and supplies	44.0	52.9	39.0	37.3	31.1
Transportation equipment	38.4	41.2 ^e	61.5	83.6	63.6
Miscellaneous	30.5	—	40.9	28.4	10.9

Source: National Censuses of Manufacturing.

^a Plywood and tea chest only.

^b Tanning only.

^c Bicycles only.

^d Included in "Miscellaneous".

The average is high in India because of the existence of large numbers of labour-intensive industries. In the textile industry, which particularly uses labour-intensive techniques of production, the ratio of wages and salaries to the value added by manufacturing is 70 per cent. Leather products and non-electrical machinery also have a high percentage (65 per cent), and metal products come into the intermediate group of industries (40-50 per cent). In other countries of the region, the ratio of wages and salaries to the value added by manufacturing is lower (below 40 per cent), though it varies from country to country. In Japan, the ratio approaches the medium rating because of a combination of labour- and capital-intensive techniques. Textile manufacturing, although traditionally a labour-intensive industry, is highly mechanized in Japan and consequently the ratio of wages and salaries to value added by manufacturing is low (36.3 per cent). China: Taiwan and Pakistan both have a very low average ratio, owing to relatively low wage levels and a high degree of capitalization, but the distribution of labour-intensive techniques differs in the two countries; labour-intensive manufacturing is confined in China: Taiwan to leather products, and in Pakistan mainly to transport equipment, metal products and wood and cork products.

CAPITAL-OUTPUT RATIO AND CAPITAL INTENSITY

To obtain an adequate measure of the efficiency of production, it is necessary to analyse the composition of capital assets—machinery, buildings, land etc. But censuses of manufacturing do not generally provide this kind of information. Fixed capital investment in the different national censuses is evaluated differently, even for different plants in the same industry, according to criteria such as original cost, replacement cost and market value. Practices differ in making allowances for depreciation. Moreover the efficiency of capital varies according to the date of investment; improvements in technology can render old capital inefficient in terms of production.

The capital requirements of different industries may be measured by the ratio of fixed capital investment to the value added by manufacture, a form of capital-output ratio.¹ In table 34 industries have been classified as high (H), medium (M) and low (L) capital-intensive industries according to whether the ratio of fixed capital investment to value added by manufacture is over 2, between 1 and 2, or less than 1.

¹ Bohr, Kenneth A. "Investment Criteria for Manufacturing Industries in Under-developed Countries", *Review of Economics and Statistics*, May 1954, pp.157-166.

Inter-country comparisons in the ECAFE region show some consistency in the capital-output ratio in similar industries, although valuation of capital stock acquired over a period of years may not always be consistent with valuation of output. Again, over-valuation of national currency, for example in the Philippines, affects the capital-output ratio by lowering the value of capital equipment in terms of national currency. The manufacture of chemical fertilizers has a high or medium capital-output ratio. Paper and paper products, machinery and transport equipment have a medium or low capital-output ratio. Tobacco, footwear, leather and leather products, and rubber products have a low capital-output ratio. For textile manufacturing, China: Taiwan, India and the Philippines show low capital-output ratio while Japan and Pakistan, both of which have installed a high proportion of new capital equipment, show a medium capital-output ratio.

The capital intensity of an industry can be calculated from the value of fixed capital per worker employed. But the available data for ECAFE countries relate only to the average per-worker capital requirements of broad industrial groups whose composition differs in different countries. Difficulties also arise in measuring fixed capital in terms of a common currency unit, besides the basic national differences in defining capital assets. It is therefore only possible to make a rough comparison between different countries. This is attempted in the following estimates of the value of fixed capital per production worker (in dollars, converted from national currencies at the official rates of exchange) :

<i>China: Taiwan</i>	<i>India</i>	<i>Pakistan</i>	<i>Philippines</i>
(1954)	(1954)	(1954)	(1956)
808	487	1,082	3,100

These estimates show considerable differences between countries. Although over-valuation of currencies undoubtedly plays a part in some countries, e.g. the Philippines, much of the difference is real. However, in spite of these differences in national averages, certain industries—beverages, tobacco manufacturing, paper and paper products, cement, iron and steel—have a relatively high capital requirement per worker in almost all countries of the region. The volume of fixed capital per worker in all ECAFE countries is, of course, significantly lower than in the United States since techniques are relatively less mechanized.

Table 34. Selected ECAFE countries: Capital-output ratio^a in manufacturing industries

Industry	China: Taiwan (1954)	India (1954)	Japan (1955)	Pakistan (1954)	Philippines (1956)
All industries	L	M	M	M	L
Food manufacture:	M	M	M	H	L
Dairy products	...	...	L	...	L
Canning & preserving of fruits and vegetables	M	H	L	...	L
Grain mill products—					
Rice milling	M	M	L	M	M
Wheat milling	L	L	L	...	...
Bakery products	L	M	L	...	L
Sugar manufacture and refining	M	L	L	H	M
Beverages	L	H	M	L	L
Tobacco	L	...	...	L	L
Textiles	L	L	M	M	L
Footwear and wearing apparel	L	...	L	L	L
Wood and cork manufactures	L	M	M	H	M
Furniture and fixtures	L	...	L		L
Paper and paper products	H	M	M	L	L
Printing and publishing	L	...	L	M	L
Leather and leather products	M	L ^b	L	L	L
Rubber products	M	...	L	L	L
Chemicals and chemical products:	M	M	M	L	L
Basic industrial chemicals including fertilizers	M	H	L	...	H
Vegetable oil	L	H	L	...	L
Edible hydrogenated oil	...	H	L	M ^c	...
Products of petroleum and coal	M	...	H	...	...
Non-metallic mineral products:	M	M	H	L	M
Glass and glass products	M	H	L	...	M
Pottery, china and earthenware	L	M	L	...	...
Cement	M	M	H	L	...
Basic metal industries	M	L	M	M	H
Metal products	L	M	M	H	L
Machinery	L	M	L	M	M
Electrical machinery, apparatus and appliances	L	M	M	M	L
Electric lamps	L	H	L	...	...
Electric fans	...	L	...	...	...
Transport equipment	L	M ^d	M	H	L
Miscellaneous	L	...	M	M	L

Source: National Censuses of Manufacturing.

^a H-high (2 and over); M-medium (1 to 2); L-low (below 1).^b Tanning only. ^c Edible oils, fats. ^d Bicycle only.

COTTAGE AND SMALL-SCALE INDUSTRY

THE SHARE OF SMALL-SCALE ENTERPRISES IN POSTWAR INDUSTRIAL GROWTH

In their postwar industrialization plans, governments have often given special attention to cottage and small-scale industry as being, evidently, particularly suitable for under-developed economies which were short of capital but had abundant man-power.¹ It is difficult, for a number of reasons, to reach precise conclusions on this subject. The scarcity of statistical data is made worse by terminological confusion. The distinction between such concepts as "factory industry", "modern industry" or "organized industry"

¹ For a more detailed discussion, see the papers of the ECAFE working parties on small-scale industries and handicraft marketing help in November 1955 in Bangkok and in June 1957 in Madras, particularly the mimeographed papers: "Some economic aspects of cottage and small-scale industries" (ECAFE/I&T/CIWP.4/5) and "Some economic aspects of tanning and leather industries" (E/CN.11/I&NR/CIWP.5/L.3).

on the one hand, and "cottage industry", "small-scale industry" or "the un-organized industrial sector" on the other hand (to mention only the most common terms), is by no means wholly clear and varies from country to country. In an attempt to standardize terminology, the ECAFE Working Party on Cottage and Small-Scale Industries suggested that a *cottage industry* should be defined as "one which is carried on wholly or partly with the help of the members of the family, either as a whole or a part-time occupation" and a *small-scale industry* as "one which is operated mainly with hired labour usually not exceeding 50 workers in any establishment or unit not using any motive power in any operation, or 20 workers in an establishment or unit using such power".² These suggestions, if followed, would eliminate a great deal of the existing confusion.

² "Some economic aspects of cottage and small-scale industries", p.7.

Only a few ECAFE countries provide national accounts showing the distribution of industrial product between the large-scale and small-scale sectors. In the few countries where such a distinction is made, no uniform definition, in terms of number of employees, is followed; sometimes the number of workers employed is not given at all. Also, the available statistics do not distinguish between "cottage" and "small-scale" industries. At one end are primitive and largely inefficient cottage industries located in rural areas, which produce articles of daily necessity to satisfy the local demand; at the other end are the urban, modernized, small-scale industries which are usually engaged in the manufacture of consumer goods, either independently, or in processes complementary to large-scale manufacture, often for national or world markets. As all these industries, whose relative importance varies greatly in different countries, are lumped together in national statistics, inter-industry and inter-country comparisons are almost impossible.

In Burma, according to the 1955/56 sample survey of manufactures, enterprises employing 10-19 workers contributed about 8 per cent of the net added value of total industrial production.¹ The share of cottage industry (including salt and *ngapi*² manufacture) in gross domestic product amounted to 4.6 per cent in 1950/51 and 4.5 per cent in 1956/57. That is, it remained almost unchanged.³ But the ratio of expenditure by the Cottage and Small-Scale Industries Board to total government outlay on industrial development fell from 3.1 per cent in 1954/55 to 1.6 per cent in 1956/57.⁴

In mainland China statistics, the size of enterprises in terms of employees is not given. The nearest equivalent to cottage and small-scale industry is the sector comprising handicraft workshops, co-operatives and individual craftsmen. Data are available with respect to the share of the gross value of this sector's output in the gross value of industrial output; these are tabulated below:

	1952	1953	1954	1955
Gross value (billion yuan) ..	12.28	15.89	17.99	17.79
Per cent	35.8	35.5	34.6	32.4

Source: State Statistical Bureau, *Communiqué on implementation of 1955 economic plan*, 1956, pp.20-21 (in Chinese).

It appears that in mainland China the handicraft or small-scale industry contributed about one-third of the gross industrial output in 1955, this share having fallen slightly between 1952 and 1955 owing to the

higher rate of expansion of large-scale industry. Press reports from mainland China are full of references to small and medium iron and steel plants, copper works, coal mines and cement works.⁵ They maintain that a careful distribution of investment among large, medium and small plants can bring about a larger output within a shorter period than can exclusive concentration of investment on large-scale plants. Mechanization resulting from investment in small-scale industries is not regarded as a threat to the employment of manpower if it is introduced in sectors for whose products there is an increasing demand. Accordingly, the rate of mechanization appears to depend on the extent of the market for which small-scale industry caters. It has been suggested that the rate of technical renovation or mechanization of handicrafts should be slightly faster than, or at least as fast as, that of agriculture, so that handicraft industry can adequately serve the agricultural sector. The rate of mechanization in large cities should be faster than that in small cities and towns, and the rate in small cities and towns faster than that in villages, in order that "the advanced may lead the backward".⁶

Indian national income statistics define the small-scale industrial sector as comprising enterprises with less than 20 workers. The percentage share of income generated by this sector in the portion of national income contributed by mining, factory enterprises and small enterprises has been recorded as follows:

1948/49	1949/50	1950/51	1951/52	1952/53
58.8	60.0	59.5	56.5	57.1
1953/54	1954/55	1955/56	1956/57	
55.4	53.3	52.4	49.2	

Source: Central Statistical Organization, Cabinet Secretariat, Government of India, *Estimates of National Income, 1948/49 to 1956/57*, March 1958, p.2.

It appears that, until 1955/56, cottage and small-scale enterprises in India accounted for more than a half of the total industrial product. However, their share has declined almost without interruption since 1949/50, and in 1956/57 it fell below 50 per cent. In the aggregate national income of India, the share of small enterprises declined from 10.1 per cent in 1948/49 to 8.5 per cent in 1956/57.⁷ The value of output of small enterprises during this period remained almost stable.⁸ Under the first five-year plan, 17 per cent of the total development outlay on industry and mining was allocated to small enterprises. This ratio was increased to 22 per cent under the second five-year plan.⁹

¹ Government of the Union of Burma, *Annual Survey of Manufactures, 1955/56*.

² Anchovies.

³ Government of Burma, *Economic Survey of Burma, 1958*.

⁴ *Ibid.*, p.93.

⁵ Li Yeh-kung, *Kuang Ming Jih Pao*, Peking, 19 November 1957.

⁶ Lin Ching-mao, in *Hsueh Hsi* (Study), No.2, 4 February 1956.

⁷ Government of India, *Estimates of National Income, 1948/49-1956/57*.

⁸ Rs 9.7 billion in 1952/53 and in 1956/57. *Ibid.*, p.2.

⁹ Government of India, *Second Five-Year Plan, 1956*, p.52.

An important method of developing Indian cottage and small-scale industry is the construction of industrial estates, usually in small towns.¹ These estates provide factory space and common facilities. Under the second five-year plan, 62 industrial estates are to be constructed at a cost of Rs 100 million.² The second five-year plan also envisages various supporting measures—in particular an increased supply of electricity for small towns with a population range of 5,000 to 20,000 and their surrounding areas; of 4,000 such small towns, 80 per cent or more are to be electrified by the end of the present plan period in 1960/61.³ A complete electrification of the countryside is not feasible at present in India, but the establishment of grid systems will make electricity available in rural areas near the new installations.⁴ Community development programmes in India are designed to ensure that the possibilities of small-scale and cottage industry are fully utilized.

In Japan, according to the 1954 census of manufacture, the net added value of the output of enterprises with 4-19 employees amounted to 14 per cent of the total net added value of output of the industrial sector as a whole.⁵ Small enterprises in Japan are, on the whole, efficient and technically advanced. Their managers get help in solving their technical problems from an expert consulting service,⁶ and regional surveys conducted by local governments keep them informed of the latest technical developments.⁷

The smaller industries in Japan are finding it more and more difficult to employ labour as cheaply as they did before the war because of the Labour Standards Law and the growing objections to apprenticeship and the employment of family labour. The average wage in smaller industries employing 30 to

¹ Industrial estates may provide a useful means of organizing land uses economically for industrial development. As stated by the United Nations Seminar on Regional Planning held in 1958: "These estates, if located outside of large urban areas and provided with existing or new housing and community services, can discourage the migration of population to large urban centres; however, even in large urban centres, industrial estates provide the opportunity of scale economies and the segregation of potentially harmful land uses from the living quarters of the people." (United Nations, *United Nations Seminar on Regional Planning*, Tokyo, 28 July to 8 August 1958, (ST/TAA SER.C/35), p.35).

² *Ibid.*, p.45.

³ UNESCO: *Urbanization in Asia and the Far East*, p.177.

⁴ The Ford Foundation international planning team for small industries in India recommended that, in addition to the river valley development of hydro and thermal plants, a plant should be set up to manufacture relatively large diesel electric generating plants for community use in villages and small towns. (The International Planning Team, The Ford Foundation: *Report on small industries in India*, 1954, p.60).

⁵ *General report on census of manufactures*, 1954, March 1956.

⁶ Japan Productivity Center, *Current status of small business consulting system in Japan*, 1957.

⁷ Asia Kyo-kai: *The smaller industry in Japan*, 1957, p.87.

100 workers is only approximately 60 per cent of that paid by larger industries employing more than 500 workers. The working day also is longer. At the same time, the labour employed is less efficient.⁸

In Pakistan, in 1950/51, cottage and small-scale enterprises with less than 20 employees contributed 76 per cent of the total national product originating in the industrial sector.⁹ This share was thus even higher than in India (59.5 per cent in 1950/51). But, as the whole industrial sector (excluding construction) in Pakistan accounted for only 8.3 per cent of the aggregate national income in 1952, the share of the small-enterprise sector in the national income was only about 6 per cent, i.e. smaller than in India. Less attention is given to this sector in Pakistan's development programmes than in India's. Under the current five-year plan, the cottage and small-scale industry is allotted Rs 86.5 million or 5.3 per cent of the total capital outlay on industrial development.¹⁰ Of this, Rs 7.4 million has been provided for the construction of industrial estates.¹¹ It has been suggested that under the five-year plan the Government might provide mobile or stationary power units ranging from 50 to 500 hp.¹² Technical knowledge is spread among cottage and small-scale enterprises in Pakistan through the village Agricultural and Industrial Development (AID) programmes.¹³

Development of cottage and small-scale industries continues to receive attention in almost all countries of the region. However, relevant statistics are not available. There is also little information on the development plans for small enterprises.

CO-EXISTENCE OF LARGE- AND SMALL-SCALE ENTERPRISE

The encouragement of cottage and small-scale industries in the ECAFE region has been dictated by a complex set of considerations.

From a purely economic point of view, there are only a few obvious cases in which small-scale operations are more advantageous than large-scale ones. Handicraft industries, whose products have a high artistic value and require individual care and attention

⁸ "The position of the smaller industries in the Japanese economy", *Far Eastern Economic Review*, 9 October 1958.

⁹ Ministry of Economic Affairs, Central Statistical Office, *Statistical Bulletin*, August 1957; United Nations, *Yearbook of National Account Statistics*, 1957.

¹⁰ Government of Pakistan, *First Five-Year Plan*, 1957, pp.435, 479.

¹¹ *Ibid.*

¹² *Ibid.*, p.474.

¹³ *Ibid.*, p.205.

in their manufacture, must necessarily be run on a small scale; in some ECAFE countries, these industries have become fairly important foreign-exchange earners. Small-scale operations have also been found efficient in some simple processing industries such as those subsidiary to agriculture or complementary to large-scale manufacture. The further exploration of technological possibilities may open up new fields for small-scale industries.¹ On the whole, however, unless the market for the product is limited and localized, or unless imperfections of competition are irremovable, small-scale enterprises cannot survive in the struggle with large-scale business.²

The establishment of large-scale industry, however, takes time and necessitates heavy initial capital outlay. In the industrializing ECAFE countries, investment in cottage and small-scale enterprises has been regarded as possessing the advantage of yielding a relatively high value of current output and a high level of employment at comparatively low capital cost. Furthermore, it is recognized that small enterprises help to spread industry widely throughout rural areas, which saves the cost associated with urbanization and contributes to a more equal distribution of income as between villages and towns. Moreover, the foreign exchange component of investment in cottage and small-scale enterprises is usually small. On the other hand, the long-term rate of output growth is largely determined by the future increase in net investment made possible by present investment, and this is highest in large-scale industries. Investment in cottage and small-scale enterprises does not generate enough surplus or savings for re-investment to permit of an increase in the rate of growth of output in future. The share of wages in total costs is high in these industries; nearly all the wages are immediately spent on daily necessities, and thus low levels of technology and efficiency tend to be self-perpetuating, especially in the case of cottage industries.

In these circumstances, the balance in public investment in ECAFE countries as between large-scale and small-scale production, and the public policy view as to which type deserves more support,³ depends on the choice made by governments among different economic, social and political objectives and on the

volume of capital available to achieve them. Social objectives tend to predominate in the countries where unemployment and under-employment are widespread and cannot readily be eliminated by other means. There, cottage and small-scale enterprises are in various ways protected against competition from large-scale enterprises. India provides the best example of this approach. According to the second five-year plan, "within the limits set by the need to avoid shortages of goods on the one hand and the extent to which production in small-scale units can be organized effectively to take advantage of a larger market in any individual case, on the other, the balance of public advantage will determine whether and at what level the capacity of a large-scale industry should be limited".⁴ This policy of demarcating spheres of production—subject to alteration in the light of changing circumstances—is implemented through the licensing of new large-scale enterprises, discriminatory taxes on the output of large-scale industry (e.g. vegetable oil) and the grant of subsidies and rebates on sales of equipment and materials to small-scale and cottage undertakings. In Pakistan under the first five-year plan, financial assistance is given for the improvement of looms producing speciality goods and the replacement of looms engaged in the commercial production of coarse cloth, but there is to be no ceiling on the expansion of factory production.

Small-scale undertakings, however, can win a permanent place in the industrial structure only if they improve their efficiency enough to withstand competition from large-scale enterprises. This means that the technical, financial and commercial economies of large-scale production should, as far as possible, be made available to small-scale enterprise. One way of achieving this is through the system of subcontracting, which has evolved mainly in Japan.⁵

In Japan, many small undertakings are either commissioned producers for wholesalers, or subcontractors who undertake part of the production of large enterprises. The wholesalers provides the raw materials, prescribes the standards, and collects and markets the finished goods; production is carried on either at home by members of the family, as in the textile industry, or in a factory, as in the case of toys and artificial flowers. The importance of subcontracted business in Japanese industrial production can be gauged by its percentage share in the production costs of the larger firms in various industries as given below:

¹ The development in Switzerland of a cement plant that can produce as little as 15,000 barrels of high-quality cement annually at competitive prices is an instance in point. Cf. Stanford Research Institute: *Role of small-scale manufacturing in economic development*, 1957, p.97.

² Steindl, J., *Small and big business*, Basil Blackwell, Oxford, 1945.

³ The latter is perhaps the more important consideration, since in most countries actual investment in small-scale industries is by private capitalists.

⁴ Government of India, *Second Five-Year Plan*, 1956, p.434.
⁵ Stanford Research Institute: *Role of Small Scale Manufacturing in Economic Development*, 1957; Wellisz, S.H. "The Co-existence of Large and Small Firms", *Quarterly Journal of Economics*, 1957; Asia Kyokai, *The Smaller Industry in Japan*, 1957.

Sewing machines	40	Motor bicycles	25
Ammunition	40	Other industrial machines .	21
Bicycles	31	Communication apparatus .	20
Gauges	30	Watches	19
Weaving machines . .	28	Vehicles	18
Automobiles	28	Electric motors	17
Optical and precision instruments	26	Shipbuilding	15
		Electric appliances	11

Source: Smaller Enterprise Agency, Ministry of International Trade and Industry, quoted in *The Small Industry in Japan*, 1957, p.101.

By placing contracts with smaller firms, large enterprises can reduce their requirements for working capital and enjoy the advantages of plant specialization. The costs of components and accessories produced by small units may also be comparatively low because of their low overhead costs. A major disadvantage of the system is that the large firms use the small-scale units as shock absorbers in times of depression, and thus the small firms are the first to suffer. Hence, in India, it is government policy to persuade the large enterprises to enter into long-term contracts with the small undertakings; in planning industrial estates, as in West Bengal, a number of small units are to be built around big units as perpetual feeders of components and accessories.¹ A lesser evil of the system—delay in the payment of sub-contractors—has been corrected in Japan by government legislation.

The financial, marketing the technical difficulties of small-scale enterprises can be also alleviated by co-operative organization. Plans for handicraft co-operatives in mainland China provide interesting material for the study of the optimum size of co-operatives, centralization of activities and related problems. In big and medium-size municipalities, and in the capital city of each county, the co-operatives are to consist of about 100 members; in most of the towns in the countryside, between 30 and 50. The manufacture of handicraft products requiring a high level of technique and co-operation is to be centralized, but, for repair and servicing industries, decentraliza-

¹ Small Industries Corporation: *Administration Report 1956-1957*, p.38.

tion is preferred.² In Japan, there are two main types of co-operative: in the first kind, individual entrepreneurs maintain their autonomy, but co-operate in fields where further rationalization is desirable; in the second, members pool necessary capital and labour. The Government each year subsidizes the provision of facilities for co-operative production, processing, storage and transportation. In India, supply and marketing co-operatives are more common than producer co-operatives; in Pakistan, also, the Government's policy is to develop co-operatives as the main ultimate agency for providing rural credit and marketing facilities.³

Mechanization of small-scale industry represents another condition for its progress. Most ECAFE countries have thus found it necessary to increase the electricity supply in order to broaden the technological base of their economy. It is thought that a full utilization of this power can be achieved by making specially designed machinery readily available, preferably on a hire purchase basis, and by drawing up electricity tariffs which favour rural consumption. However, the lack of skilled labour and trained management is often an important handicap to the introduction of mechanization.⁴

Given adjustments on the lines discussed above, there is no reason why small-scale industry should not continue to play an important part in the industrializing economies of the region. However, the centre of gravity in the process of development is tending, on balance, to swing over towards large-scale production. The issue is giving rise to a growing volume of animated debate. In several countries of the region the opinion is growing that the complex problem of co-existence between these two types of enterprise requires a re-examination of the policies pursued so far.⁵

² Feng Tai-Sung, "A solution to the new problems of industrial co-operativization", *Current Events*, No.9, Peking, 10 May 1956.

³ See Chapter 4 for a detailed discussion of credit provision and marketing aid.

⁴ Institute for Economic and Social Research, University of Indonesia: *Some Comments on the Problem of Small-scale Industries*, 1957.

⁵ In India, the Government is collaborating with the United Nations Educational, Scientific and Cultural Organization (UNESCO) in a joint enquiry on cottage and small-scale industries.

Chapter 6

THE DEVELOPMENT OF SELECTED INDUSTRIES

In the preceding chapter, a general survey was made of the growth and structure of industry in the ECAFE region. This chapter presents a more detailed study of four industries—coal, cement, cotton textiles and chemical fertilizers. These industries may be considered as broadly representative of Asian industry in general: coal is the main source of energy derived from mineral wealth; cement is one of the two industries which supply basic construction materials; cotton textiles are almost the symbol of Asian industrialization; and chemical fertilizers are rightly regarded as a prerequisite of balanced industrial and agricultural growth.¹

The fact that all four selected industries have developed extensively in Japan, the most economically advanced country in Asia, indicates their importance for economic growth. China and India have entered all four fields, and have not only achieved self-sufficiency in coal, cement and cotton textiles, but have a surplus for export, particularly of cotton textiles. Other ECAFE countries are following the same lines of industrial development. However, Japan is still the only Asian exporter of chemical fertilizers.

COAL

GROWTH OF THE INDUSTRY

The importance of coal in the regional supply of industrial energy is shown by the following statistics:

Table 35. ECAFE Region: Production of Commercial Sources of Energy, 1952 and 1956

Year	Percentage distribution				Total production	
	Hydro-electricity	Natural gas	Coal and lignite	Petroleum	Million tons of coal equivalent (1952=100)	Index numbers
1952	74.3	10.7	14.2	0.8	201.8	100
1956	66.1	20.1	12.0	1.8	301.6	149

Sources: United Nations, *World energy supplies, 1951-1954* (Statistical papers, series J, No.2), 1957; *Statistical Yearbook 1957*.

¹ Industrial studies by the ECAFE secretariat in the past include electric power, iron and steel, and petroleum. [United Nations, *Electric Power in Asia and the Far East 1951 to 1955* (UN publications Sales No. 1957.II.F.6); "Report of the Sub-Committee on Electric Power (Sixth session) to the Committee on Industry and Natural Resources (Tenth session)" (E/CN.11/I&NR/Sub.1/3, 27 January 1958); "Review of the Plans and Problems of the Iron and Steel Industry and Allied Industries in the ECAFE Region" (E/CN.11/I&NR/Sub.2/L.18, 26 August 1958); "General Review of the Petroleum Industry of the ECAFE Region" (E/CN.11/I&NR/PR/L.4, 20 October 1958).]

With the recent increases in production of petroleum, the share of coal has somewhat declined. Nevertheless, in 1956 coal accounted for about two-thirds of the total production and commercial sources of energy in the region.

Most countries in the ECAFE region have some coal. The quality and quantity vary widely; while, low-grade coals are found in all areas, only mainland China, India, Japan, Korea and Viet-Nam have high-grade coals. Mainland China has 440 billion tons of estimated coal reserves (all grades combined), India 68 billion tons, Japan 21 billion tons, and Viet-Nam and Laos together 20 billion tons.² Of the total estimated reserves of 554 billion tons for the region, these five countries account for 99 per cent. On a per capita basis, Viet-Nam-Laos come first with 714 tons,³ followed by mainland China with 708 tons, Japan with 233 tons, and India with 175 tons.

The total amount of coking coal deposits in mainland China is not known. However, of the total known reserves of 50 billion tons in the principal coal mines of north, northeast, central and south China, nearly 6 billion tons (12 per cent) can be classed as coking coal.

India's supply of metallurgical coking coal appears very limited when contrasted with its vast deposits of iron ore. The reserves of coking coal were estimated by the Geological Survey of India in 1950 at 2 billion tons, i.e. about 3 per cent of the total estimated coal reserves.⁴ But of these 2 billion tons, the Mahindra Committee in 1946 put the availability of good quality coking coal reserve at only 0.7-0.75 billion tons.⁵ By 1965, the accelerated development of heavy industry may have tripled the demand for metallurgical coking coal as compared with 1954, and the reserves will probably become critical within six to seven decades from now.⁶ In 1952, the Government imposed ceilings on coking coal output, but, when the second five-year plan was

² United Nations, *Coal and iron ore resources of Asia and the Far East*, 1952.

³ Based on a population estimate of 1.45 million for Laos and 26.6 million for Viet-Nam (United Nations, *Economic Survey of Asia and the Far East, 1957*).

⁴ Geological Survey of India, *Indian minerals*, April 1953, p.74.

⁵ Chatterjee, N.W., "Conservation of coking coal" in *Indian Mining Journal*, September 1955, Vol.III, No.9, p.159.

⁶ Lahiri, A., "Coal in India", in *Indian Mining Journal*, September 1955, Vol.III, No.9, p.14.

launched, this policy had to be changed, and coking coal output for 1957 was pegged at 16 million tons, the highest level on record.¹

Japan's coal reserves are not only limited, compared with those of mainland China and India, but also inferior in quality and expensive to mine, owing to difficulties arising from the depth, thickness, incline, fault and other characteristics of the coal seams. The bituminous coals mined in Japan are unsuitable for the manufacture of coke. Japan has to import high-grade bituminous coal to blend with domestic bituminous coal in making coke.

Viet-Nam is noted for its anthracite coal, probably the best of its kind in the region. Coking coal is found only at Phan Mé (northern Viet-Nam); here the deposits comprise both bituminous and semi-anthracite. The estimated reserves of coking coal in

Phan Mé are about 500,000 tons certain and 1 million tons possible. A recent survey has indicated a much larger coal deposit than previously believed to exist at Saravane in the southern part of Laos.

Most of the coals found in Korea, especially in the north, are anthracite; no coking coal has been found in southern Korea.

As the reserve position would suggest, mainland China, India and Japan are the major coal producers in the region; however, Japan is slightly in the lead over India. The three together accounted for 96 per cent of the total regional output in 1956. The remaining 4 per cent was contributed by Korea (northern and southern), China: Taiwan, Viet-Nam (northern and southern), Indonesia, Pakistan, Iran, the Federation of Malaya, the Philippines and Afghanistan, listed in the order of importance. Details of output in recent years are shown in table 36.

¹ Coal Board, *Annual Report, 1956-1957*, Calcutta, p.22.

Table 36. ECAFE countries: Coal Production, 1949, 1953 and 1956
(thousand tons)

Country	1949	1953	1956
Afghanistan	—	17	24
Burma	—	—	—
China			
Mainland	31,000	66,600	106,000
Taiwan	1,614	2,393	2,529
India	32,204	36,556	40,054
Indonesia	662	897	828
Japan	37,973	46,525	46,555
Iran	170	155	330
Korea			
Northern . . . . .	...	710*	4,000*
Southern	1,130	867	1,817
Federation of Malaya ^b	393	291	185
Pakistan ^c	337	593	655
Philippines	123	155	152
Thailand ^b	—	—	90
Viet-Nam			
Northern	379	887	1,100 ^d
Southern	—	—	2
TOTAL	105,985	155,936*	200,321*

Source: United Nations, *Statistical Yearbook*, supplemented by national sources.

* "Report of the Central Statistical Bureau of the State Planning Committee of the Democratic People's Republic of Korea," in North Korea Home Service, Press Release, Pyongyang, 18 January 1958.

^b Lignite * Including lignite.

^c 1955. * Excluding northern Korea.

According to official reports, mainland China, before the Second World War produced an average of 35 million tons of coal annually, doubled its coal output from 63.5 million tons in 1952 to about 125 million tons in 1957. Although some new mines went into production, most of the output during this period came from expanded and rehabilitated old mines, especially from the five principal coal basins—Fushun and Fushin in the northeast, Kailan and Tatung in the north and Huainan in the east. The Soviet Union played an important part in this development by extending loans and supplying equipment and technical advice. It contributed particularly to the raising of coal output at the Kailan coal mines, one of the two most important coal centres in China, where in 1957 the hydraulic mining method, first introduced in the Soviet Union at the Kusnetsk coal mines in 1953, was applied. Twenty of the largest new mines, with an annual capacity of over 600,000 tons each, were designed and equipped by the Soviet Union.¹ Chinese mining engineers and geologists were also sent there for training. The second five-year plan originally envisaged the raising of coal output to 230 million tons by 1962.² Emphasis will be put on the opening up of new coal mines in the vicinity of the new industries. Nine new coal bases are expected to be opened in the new industrial areas in Inner Mongolia and in central, northwest and southwest China. Greater reliance will also be placed on small local mines in other areas so as to spread the sources of coal supply. In 1958 the output is reported to have been more than doubled, to 270 million tons.³

In India, there has been a steady rise in coal output from 31 million tons in 1948 to 44 million tons in 1957.⁴ The annual rate of increase during the first plan period will have to be almost quadrupled, however, if the coal target of over 60 million tons for the final year (1960/61) of the second plan is to be achieved. There are at present over 830 collieries in India,⁵ of which the 11 under state ownership account for about 10 per cent of the total coal output. Of the 22.4 million tons increase required under the second plan, however, about 12 million tons are expected to come from the public sector—which thus has to raise its annual output

from 3 million tons in 1955 to 15 million tons by the end of 1960/61. The private sector, producing 35 million tons in 1955, will have to increase its production to 45 million tons by 1960/61. In 1957 the private sector already produced 40.7 million tons, whereas production in the public sector had increased to only 3.4 million tons.⁶ Additional production in the public sector is expected mostly from new coal-fields, especially from Korba (Mathya Pradesh) and Karanpura (Bihar). The Soviet Union under an agreement signed in 1957 has undertaken to make project reports on the Korba coalfields development programme.⁷ The development of new mines is considered necessary to spread production geographically and so ease the strain on the railway system. The opening of a lignite coal mine in Neyveli in the south is another attempt in this direction. Of greater importance in the long run is the policy of the Government that all new mines will have to be operated by the most modern mining equipment to increase productivity in the industry.

Postwar coal production in Japan rose substantially from 38.4 million tons in 1950 to 52.7 million tons in 1957.⁸ This was, however, still below the peak production figure of 56.5 million tons recorded in 1941. The targets for 1962 and 1975 have been fixed at 64 million tons and 72 million tons respectively.⁹ The increased output is expected to come mostly from the expansion and modernization of existing coal mines.

In the remaining countries of the region (excluding northern Korea) coal production increased from 5 million tons in 1949 to 8 million tons in 1956, or by 60 per cent. China: Taiwan and southern Korea expanded their output by over 50 per cent to 2.5 million tons and 1.8 million tons respectively, while northern Viet-Nam trebled its output to 1.1 million tons during this period. Output in Indonesia rose to almost 1 million tons in 1952, but has been declining since then. Only in the Federation of Malaya has production fallen steadily, owing to lack of demand and rising production cost.

For the region as a whole, coal production, although it rose by 89 per cent between 1949 and 1956, to about 200 million tons, was overtaken by coal consumption in 1952; since then the deficit has had to be made up by imports from outside the region. The largest importer of coal has been Japan, where

¹ New China News Agency, Press Release, Peking, 19 August 1955.

² United Nations, *Economic Survey of Asia and the Far East*, 1957, p.92.

³ See Chapter 1, section on mainland China, above.

⁴ United Nations, *Economic Bulletin for Asia and the Far East*, Vol.IX, No.3 (Asian Economic Statistics).

⁵ These are collieries submitting monthly returns to the Department of Mines as required by the Indian Coal Mines Regulations, 1926; the total does not include mines in the State of Jammu and Kashmir.

⁶ *Indian Trade Journal* (Government of India, Department of Commercial Intelligence and Statistics, Calcutta), 29 March 1958, p.934.

⁷ *Ibid.*, 16 August 1958, p.529.

⁸ United Nations, *Economic Bulletin for Asia and the Far East*, Vol.IX, No.3 (Asian Economic Statistics).

⁹ Economic Planning Agency, Japanese Government, *New long-range economic plan of Japan*, Tokyo, p.99.

imports in 1957 included about 5 million tons from outside the region, mostly from the United States.¹ The largest exporter is India, which exported 1.7 million tons in 1957,² mostly to Asian countries, especially to Pakistan which has agreed to buy 1.2 million tons of coal each year from India between January 1957 and January 1960.³

STRUCTURE OF THE INDUSTRY

Although the productivity of Chinese, Indian and Japanese coal miners, as measured by output per man-year, is low compared with countries in Europe, it has nevertheless been rising steadily in recent years. The following table shows the position in India and Japan:

Coal output per man-year (underground)
(tons)

Year	Coal		Hard coal Europe ^a
	India	Japan	
1953	173	220	333
1955	182	227	366
1956	189	240	371

Sources: For India, *Monthly Coal Bulletin*; for Japan, *Japan Statistical Yearbook, 1957*; for Europe, *Quarterly Bulletin of Coal Statistics for Europe*, Vol. VI, No.1, June 1957.

^a Average for France, Saar, Federal Republic of Germany, Italy and the United Kingdom.

In Japan, the output per man-year has been higher than in India. This may be attributed chiefly to greater mechanization in certain mining operations in Japan, especially in the loading, conveying and hauling of coal, and in the use of electricity,⁴ although in the mechanization of coal-cutting, Japan appears to have lagged behind India. The ratio of coal cut by machines to total underground coal production was only 16 per cent in Japan⁵ and 25 per cent in India⁶ in 1957, as against 59 per cent in the United Kingdom, 88 per cent in the United States and 98 per cent in Germany, all measured in 1938.⁷ In mainland China, mechanization of coal production under the first five-year plan proceeded at a rapid pace. By 1957, the quantity of coal mined by

machines was reported to have reached 35 per cent of the total coal output, as against a mere 4 per cent in 1950.⁸ The proportion of coal mined by the long-wall method and the use of mechanical ventilation also increased considerably in state-operated mines in mainland China. Hydraulic mining, which is simpler and cheaper than the conventional method, has also been introduced since the launching of the second five-year plan in 1958.

While the capital-intensity of the coal industry in most industrially developed countries has almost reached its maximum limit, it is still very low in mainland China, India, and Japan. Efforts have been made in all three countries to manufacture coal-mining machinery locally. India has concluded an agreement with the Soviet Union both for the purchase of coal-mining equipment for immediate use in public and private coal mines, and for a Soviet credit of \$55.7 million to finance the establishment of a plant to make machinery and equipment.⁹ In Japan, certain companies have entered into agreements known as "technical tie-ups" with firms in the Federal Republic of Germany and the United States for the manufacture in Japan of mining machinery and equipment. In mainland China three plants were set up in the course of the first five-year plan to produce coal-mining machines and equipment.

Other efforts have been made to increase productivity and to lower costs by rationalizing coal production, but so far they have been hampered by lack of funds. Government policy in this matter varies. In mainland China, modernization of coal mines has been carried out entirely by the government out of capital accumulated through public savings. In India, where the majority of the coal mines are owned by private enterprise, a gradualistic policy has been adopted. India has put coal industry under "Schedule A", which means that ultimately it will be under government control, and it is hoped that coal mining will become modernized as more and more government-operated mines are opened. Meanwhile, measures are being taken which aim at the amalgamation of small uneconomic coal mines in the private sector, especially on a voluntary basis. Even in Japan, where coal mines are privately owned, it has become apparent that rationalization will have to be financed by government loans, and the Government is giving increasing attention to this question.

¹ Ministry of Finance, *Monthly Return of the Foreign Trade of Japan*, January-December 1957, Tokyo.

² Department of Commercial Intelligence and Statistics, *Monthly Statistics of the Foreign Trade of India*, December, 1957, Calcutta.

³ GATT. *International Trade News Bulletin*, Vol.VII, No.1, January 1957, Geneva.

⁴ Every coal mine in Japan is provided with electricity, while in India less than half of the mines use electricity.

⁵ Information received by ECAFE secretariat from the Ministry of International Trade and Industry, Government of Japan.

⁶ *Monthly Coal Bulletin*, 1957.

⁷ United Nations, *Growth and Stagnation in European Economy*, 1954.

⁸ New China News Agency, Press Release, Peking, 16 April 1955 and 6 August 1957.

⁹ United States Department of State, *The Sino-Soviet Economic Offensive in the Less Developed Countries*, Washington, D.C., 1958, p.91.

A comparison of wages and productivity among the coal-mine workers in India, Japan and the United States in 1955 gives some interesting results:

	India	Japan
Ratio of coal miners' earnings in the country to those in the United States (%)	2.2	9.4
Ratio of coal miners' productivity in the country to that in the United States (%) . .	4.1	5.6

Source: *Monthly Coal Bulletin of India*; *Yearbook of Labour Statistics of Japan*; *Statistical Abstract of the United States*.

Whereas, at official rates of exchange, a coal-mine worker in India in 1955 earned 2.2 per cent, of the amount received by a coal-mine worker in the United States, the productivity of the former was 4.1 per cent of the latter. On the basis of productivity, therefore, in spite of increased wages in recent years (as noted below), an Indian coal miner was underpaid compared with an United States miner. By the same test, a Japanese coal-mine worker was overpaid in relation to his United States counterpart. As wages form a major part of the production cost of coal, this partly explains the low level of coal prices in India and the difficulty local producers in Japan have in competing with imported coal.

In mainland China, the Government has made it abundantly clear that an industrial worker cannot expect an increase in wages in proportion to his increase in productivity. For one thing, a worker's productivity, it is argued, is not the result of his labour alone but also of technological advances in general; for another, if wages increased in proportion to productivity, very little would be left for capital formation. This is in sharp contrast to the situation in the Indian and Japanese coal industries where real wages have risen substantially in the postwar years.

A comparison of the trends of wages and prices in the coal industry in India and Japan is given below:

Index number (1951=100)

Year	India			Japan		
	Money wages ^a	Real wages	Coal price	Money wages ^a	Real wages	Coal price
1952	103	104	100	118	111	128
1953	108	106	100	134	120	119
1954	111	114	100	136	114	105
1955	113	123	101	140	119	103
1956	138	137	112	157	132	112
1957	172	162	126	...	...	122

Source: Real wages: total earnings, given in *Monthly Coal Bulletin*, February 1958 (India) and *Statistical Yearbook of Coal and Coke*, 1956 (Japan), are deflated by cost of living index as given in *Asian Economic Statistics*, *Economic Bulletin for Asia and the Far East*, June 1958. Coal price: for India, *Statistical Abstract of India*, 1955-56, and *Journal of Industry and Trade*, December 1957 and January and February 1958.

* Include basic wages and other payments in cash and kind.

The main reasons for the rapid rise in the earnings of coal-mine workers in India appear to be that the labour movement in India has grown appreciably in strength in postwar years, and that the Indian Government has shown its sympathy for labour through the Minimum Wages Act of 1948 and other welfare measures. A fundamental change has occurred in the relationship between prices and wages in the coal mining industry. Before the war, it was coal prices that determined the wages of coal miners. Coal prices were in a long, deep trough from 1927 to 1942, and the depressive influence of prices on wages in the coal industry was especially noticeable between 1932 and 1943. After the war and the achievement of political independence, it was generally felt that the standard of living of a worker should not be allowed to fall below his basic needs. The price-wage policy in the coal industry was reversed; instead of permitting prices to dominate wages, the new policy is to let wages determine prices. Tribunals have been set up to regulate wages in cases of dispute between management and labour, and coal prices were put under government control under the Colliery Control Order of 1945. As a result there has been a series of wage and price increases in the coal industry since the war. During 1951-1957, coal prices consistently lagged behind money wages, so that the real wages index rose by 62 per cent while the coal price index increased by only 26 per cent.

The labour movement in Japan has also visibly grown in strength since the war, and the Federation of Japan Coal Mine Workers' Unions has become one of the most powerful of the labour groups. Although, coal prices in Japan, unlike those in India, have been decontrolled since 1949, the postwar movements of, and relationship between, wages and prices in the Japanese coal industry bear a close resemblance to those in India. During 1951-1956, coal prices in Japan fluctuated, while money wages increased without a break. By the end of the period, real wages had gained 31 per cent and coal prices had advanced by only 11 per cent.

It must be remembered, however, that coal prices in Japan are much higher than the world market level. Coking coal (selected Jharia, f.o.b. colliery railway siding) was quoted in 1957 at \$4.33 in India,¹ \$22.20 in Japan,² \$21.20 in the United Kingdom, \$13.93 in the Federal Republic of Germany, and \$6.13 in the United States.³ United States coking coal has

¹ Index Numbers of Wholesale Prices in India (Office of the Economic Adviser to the Government of India), Vol.IX, No.51, p.5.

² Statistical Department, Bank of Japan, *Wholesale Price Index Annual*, 1957, p.39.

³ United Nations, *Monthly Bulletin of Statistics*, Number 1958, p.144.

been imported into Japan in increasing quantities in postwar years. Coking coal from the United States used to be quoted at around \$18.50 per ton c.i.f., while the consumer price of Japanese high-grade coking coal ranged from \$21 to \$23. Then the long Japanese coal strike in late 1952, together with the high price of domestic coal and the uncertainty of supply, caused a large-scale switch-over from coal to heavy oil and electricity and an increase in the quantity of imported coal. Coal prices in Japan have thus been squeezed between the continued claims of the miners for higher wages and the growing threat of cheaper coal from abroad. In India, coal prices are still very low, and competition from other types of fuels has not yet made itself felt. There appear therefore to be possibilities for both wage and price increases in the Indian coal industry.¹

The lag of productivity and coal prices behind wage increases was reflected in the falling profits of coal enterprises in the postwar period: in India, the profits of coal mining companies in 1949-1954 showed a downward trend,² while in Japan the combined balance sheet of the coal mining companies showed net losses in 1954 and 1955.³ It is therefore urgently necessary for the coal mining industry in both countries to increase productivity through modernization of their mining operations so that the relationship between wages, prices and productivity may be properly readjusted.

MARKETS

In spite of the recent large increases in coal output, mainland China has been reported to be short of coal. Demand for coal during the period covered by the first plan outran supply, because industrialization as a whole went ahead at a faster pace than coal production. The following table shows the production and consumption of coal in 1949, 1952 and 1956 (in million tons):

	<i>Coal output</i>	<i>Coal consumption</i>
1949	31.0	30.5
1952	63.5	55.8
1956	105.9	115.1

Source: *Shih Shih Shou Tse (Current Events)*, No.22, 21 November 1957.

¹ During 1950-1956, the price of pig iron increased by over 100 per cent, steel by over 90 per cent, and cement by over 50 per cent; while the price of coal went up by only 18 per cent. See *Commerce*, Bombay, 29 June 1957, p.1295.

² Ministry of Labour, *Indian Coal Statistics, 1955* (New Delhi), p.42.

³ The Ministry of Finance, *Incorporated Enterprises, Statistical Annual Report, 1956* (in Japanese) (Tokyo).

It will be noted in the further table below that industries increased their percentage share in the consumption of coal in mainland China sharply in the postwar years, mainly at the expense of household consumption and shipping.

	1934	1953	1956
Households	50.0	44.8	38.5
Industries	31.0	39.4	40.5
Railways	8.4	8.8	7.6
Collieries	5.3	5.4	12.2
Shipping	5.3	1.6	1.0

Source: Wu Yuan-Li: "The production and consumption of coal as a source of energy," in *Contemporary China*, Vol.II, 1956-1957 (Hong Kong University Press, 1958), pp.1-10.

According to official reports, consumption of coal by industry and transport went up from 32 million tons in 1952 to 70 million tons in 1957. Consumption by the civilian population rose from 24 million tons to 42.5 million tons during the same period. With a reported coal output of 125 million tons in 1957, the shares of industry and transport were 56 per cent and of households 34 per cent in 1957.⁴ By 1956, the share of collieries also doubled, compared with 1953, owing to the expansion of old mines and the opening of new ones. It was estimated that coal consumption during the second five-year plan period would increase at an even faster rate than in the first plan period. But in view of the reported doubling of production in 1958, and the proposed rise by another 40 per cent to 380 million tons in 1959, the problem of coal shortage may have been solved.

Energy consumption in India, as in most of the world, is shifting from coal to petroleum. During 1950-1956, the share of coal consumption declined steadily from 83 per cent of the total primary energy consumption to 79.5 per cent, while the share of oil went up from 10.7 per cent to 13.3 per cent. This trend is due to the fact that petroleum has a wider use, is more easily transported and has a higher thermal efficiency than coal. The pattern of coal consumption in India in the postwar period shows no marked change. Industry is still the largest consumer, although its share declined from 50 per cent in 1950 to 46 per cent in 1954. The share of transport, in the same period, remained practically unchanged at 39 per cent. In 1955, iron and steel accounted for almost one-fourth of total coal consumption by industry, and the railways for 96 per cent of coal consumption by transport.

⁴ *People's Daily* (Peking), 2 November 1957.

The pattern of energy consumption in Japan since the war has definitely shifted from coal to petroleum and electricity. The share of coal in energy consumption dropped from 56 per cent during 1930-1934 to 35 per cent in 1954, while the share of electricity rose from 25 per cent to 40 per cent, and that of petroleum from about 8 per cent to 14 per cent.¹ This shift means greater dependence on imported energy, especially in the form of crude petroleum. The ratio of imported to total energy supply rose from 18 per cent in 1934-1936 to 23 per cent in 1956, and is expected to go up to 33 per cent in 1962 and 48 per cent in 1975.²

The pattern of industrial coal consumption in Japan has also undergone some notable changes during 1946-1956. The share of the mining and manufacturing industries rose from 47.6 per cent to 61 per cent, while that of public utilities fell from 36 per cent to 31 per cent. The former rise was due chiefly to the boom in the iron and steel industry, whose share in total coal consumption increased from 10.7 per cent in 1946 to 15 per cent in 1956. In public utilities the main factor was the electrification of the railways; coal consumption by railways dropped from 20 per cent to 8 per cent of total coal consumption during the same period. This drop was, however, slightly offset by the increased use of coal caused by the installation of new high-efficiency and large-scale plants in the thermal power industry. Although demand for electricity and petroleum³ will undoubtedly continue to rise fast, coal will probably remain a principal source of energy in Japan for some time to come.

In postwar Japan the domestic production of coal has fluctuated within narrow limits, and it would appear that there is never enough coal when demand is rising and always too much when it is falling. Shortage and excess supply of coal have alternated since the war years, with rather painful adjustments in interim periods like 1953-1954 when, owing to the Government's deflationary policy, about 200 coal mines were closed down and 80,000 workers in the coalfields laid off. With the economic expansion of 1956 and the first half of 1957, coal supply again became a serious bottleneck. But when, in the second half of 1957, rapid industrial expansion caused a deterioration

in the payments position, and the Government returned to a deflationary policy, coal demand again slackened, and stocks accumulated. This instability of coal demand has caused concern to the Government as well as to the industry itself. In order to improve the situation, coal-mining companies are now trying to conclude long-term sales contracts with representatives of the electric power industry and the steel industry.

The problem of transport is a crucial factor in the marketing of coal in large countries such as mainland China and India where coal may have to be carried thousands of kilometres from coal mines to distant consuming centres.

Before the war, 80 per cent of the coal mined in mainland China was moved by railways and coal accounted for about 50 per cent of the railway freight traffic.⁴ With the sharp increase in coal output and the rapid growth of industries in the postwar years, coal movement must have accounted for a still higher percentage of the railway freight traffic. Coal has to be transported over 3,000 kilometres from the northeast to the northwest where new industries are now being set up. To achieve transport economies, new coal mines are being opened up near these new industries. The encouragement given to mines operated by local authorities since 1958 will not only help meet the small and scattered demands of the rural population but also reduce the strain on railways, since local coal is largely moved by road. As far as coal transportation is concerned, mainland China has an advantage over India in that its coal deposits are more widespread.

In India, the major coal fields are concentrated in the north-eastern corner of the country—in Bengal and Bihar, whose collieries together account for over 80 per cent of total output. Thus, coal has to be carried some 2,000 kilometres by rail to the western end, and some 3,000 kilometres to the southern end of the country. The shortage of wagons is almost as old as the coal industry itself. By 1960/61, assuming the target output of over 60 million tons is achieved, about 5,000 wagons a day will be needed for carrying coal from West Bengal and Bihar coalfields—as against the average of only 3,670 wagons available at the end of 1957. For the past two years, wagon supply has increased at the rate of only 200 units a year. Coal stock at the pitheads is a good indicator of the wagon supply situation. Between 1952 and 1955, when coal production increasingly outpaced wagon supply, coal stocks at the collieries rose steadily from 3.1 to 3.6 million tons. The situation improved in 1956, but deteriorated again in 1957, when coal stocks amounted to 3.3 million tons.

¹ *Transactions of the Fifth World Power Conference* (Vienna, 1956), Vol.II, p.166.

² Japanese Government, Economic Planning Agency, *New Long-Range Economic Plan of Japan*, p.98.

³ The shift from coal to petroleum by industries became marked after the long strike which occurred during the last quarter of 1952. By 1953, the shift in industrial consumption from coal to heavy oil was estimated at 3 million tons in terms of coal. Rising coal prices and falling petroleum prices added further to the unpopularity of coal.

⁴ Wu Yuan-Li, *op.cit.*

The price of coal, ex-colliery railway siding, in India is very low, but the cost of transport adds to it considerably in spite of the preferential treatment given to coal in railway freight rates. Thus, while prices per ton of coking coal ex-pithead were Rs 19.21 in August 1958, wholesale prices per ton in Bombay and at Madras were about Rs 76 and Rs 82 respectively.¹ Transportation by a combined rail and sea route raises the prices even more. The cost of coal transported from Bengal to Madras by the rail-sea route is nearly double the cost of coal sent straight by train.

Even in a country with a small area like Japan, coal transport difficulties exist, owing to the way the coal deposits are distributed. Most of the Japanese coal is found at the extreme ends of the country—the Hokkaido area in the north and Kyushu in the south—while the major coal-consuming industries are located in the centre of the country. Although Japan has adequate coastal shipping facilities to cope with this problem, it is one of the factors that contribute to the high price of coal in that country.

CEMENT

Modern economic development cannot be imagined without cement.² Large quantities of it are used in flood control and irrigation works, power installa-

tions, the building of ports, roads and highways, industrial plants, public and residential housing, defence installations and many other types of construction. Numerous factors have favoured the growth of this industry in the region. The raw materials necessary for cement manufacture—mainly limestone and clay—are available in large quantities in many countries. National markets are usually large and stable enough to encourage the industry and high transport costs act as a natural protection against competition from imports. The amount of capital needed to establish a medium-size plant is not very great and the technology of making cement is relatively simple and easily learnt. Technological progress has made small-scale production of cement as economic and profitable as large-scale production. It has also enabled plants to use not only power produced by their own generators but other fuels such as natural gas or oil. Packing charges—always a substantial part of the cost—have been minimized by the adoption of bulk handling and the use of silos and containers. So far, cement has had little competition from substitutes.

GROWTH OF THE INDUSTRY

Although the first Japanese cement factory was started in 1873 and the first Indian one in 1913, the industry's growth was slow until after the Second World War, when the advantages of cement over lime came to be generally appreciated. The table below shows the considerable increase in production which took place in the ECAFE region between 1938 and 1956.

Table 37. ECAFE countries: Growth of cement production, 1938, 1952 and 1956.

Country and region	Cement production (million tons)			1956 index (1952=100)	% share in regional total
	1938	1952	1956		
China					
Mainland	2.29 ^a	2.86	6.39	223	24
Taiwan	0.15	0.45	0.59	130	2
India	1.43 ^b	3.59	5.01	139	18
Japan	5.94	7.12	13.02	184	48
Others	0.53	1.46	2.28	156	8
Total ECAFE region ^c	10.34	15.48	27.29	176	100
World total	84.10	158.74	228.96	144	
% of ECAFE region in world total . . .	12.3	9.8	11.9		

Source: United Nations, *Statistical Yearbook 1957*, supplemented by national data compiled by the ECAFE secretariat.

^a 1942.

^b Undivided India; hence includes Pakistan.

^c Excluding Korea and Viet-Nam because of lack of comparable data for the years given.

Between 1952 and 1956 production of cement in the region increased much faster than did world output. Japan, mainland China and India produced 90 per cent of the regional total in 1956.

In 1939, Japan with an output of 6.2 million tons and export of 318,000 tons was one of the leading cement producing countries of the world. However, owing to scarcity of coal and destruction and obsolescence of equipment during the Second World War, production had fallen to about one million tons in 1946. The industry revived rapidly, and ten years later Japan, which ranked fourth (after the United States, the Soviet Union and the Federal Republic of Germany) in world production, became the world's largest exporter.¹ The new long-range economic plan (1958/59—1962/63) has set a production target of 21.3 million tons by 1962/63.

In 1949 the total cement production of mainland China was estimated at 661,000 tons. Output was raised by rehabilitation of existing plants and construction of new ones so that in 1954 mainland China became the second largest cement producer in the region. In 1957, total output rose to 6.7 million tons.² The second five-year (1958-1962) plan sets a production target of 12.5-14.5 million tons which may be further raised in view of the reportedly large increase by 50 per cent to 10 million tons in 1958. Since raw materials, including limestone, gypsum and chalk, are scattered throughout the country, production of cement by small-scale establishments has recently begun. In June 1958 it was reported that 5,078 small cement kilns had been built employing traditional methods of production and supplying cement for local use.³ A nation-wide movement has also been started in order to encourage collective farms to make their own cement for irrigation works by similar methods.⁴

In Taiwan, production rose steadily from 236,000 tons in 1948 to 604,000 tons in 1957 and 470,000 tons in the first half of 1958.

In India, cement production rose from one million tons in 1936/37 to 1.6 million tons in 1948 and 5 million tons in 1956.⁵ The second five-year plan envisages an increase of capacity to 16 million tons

¹ "Japan's fast growing cement industry", in *Fuji Bank Bulletin*, Vol.VIII, March 1957, pp.26-27.

² New China News Agency, Press Release, (Peking), 30 December 1957. State Statistical Bureau, *Communiqué on the Implementation of the 1955 National Economic Plan*, Statistical Publications Press, Peking, 1956 (in Chinese), p.26.

³ New China News Agency, Press Release (Peking), 21 June 1958.

⁴ *Ibid*, 21 May 1958.

⁵ Somani B.D., "Good work done by cement producers", 6 January 1958.

by the end of 1960/61.⁶ The principal problem of the industry is the heavy incidence of freight charges in the cost structure, as most factories are separated by long distances from coal and high-grade limestone deposits, and some of them are also far away from centres of consumption. Attempts are being made to mitigate these disadvantages by supplying washed coal to cement factories, and by beneficiation of low grade limestone from deposits near the factories.

In other countries of the region cement production is still relatively small but expansion is planned almost everywhere.

In Afghanistan, the first cement factory, having a daily capacity of 100 tons, went into production at the end of 1956 and another of the same size is under construction.⁷

In Burma, production was resumed in 1951 and, because of a construction boom, output rose from 41,000 tons in 1952 to 59,000 tons in 1954. In 1956, however, shortage of natural gas, on which the Burmese industry depends, reduced production to 38,000 tons and made it impossible to carry out expansion plans.

In Ceylon, a cement factory—claimed to be one of the most modern in Asia—started operations in Kankesanturai in 1950 with an annual capacity of 100,000 tons, but production in 1954-1956 averaged only 84,000 tons a year, although total demand is nearly three times as large. Under the six-year (1954/55 to 1959/60) programme of investment the Government proposed to spend Rs 2.6 million to improve the plant and Rs 9 million to install a second kiln with a capacity of 100,000 tons. If these plans are carried out, 80 per cent of the national requirements will be met by local production.⁸

In Hong Kong, production increased from 52,800 tons in 1948 to 121,000 tons in 1956. Exports took one-third of the production.

In Indonesia, the output of a factory at Indazung in Sumatra averaged 148,000 tons per year during 1953-1956. In June 1957, the construction of another cement factory at Gresik (east Java), with an annual capacity of 250,000 tons, was completed, with loans of \$15 million from the Export-Import Bank of Washington.⁹

⁶ Hattiangadi, R.R., "Rapid Expansion of Cement Output", in *The Hindu Survey of Indian Industry*, 29 December 1956.

⁷ United Nations, *Economic Survey of Asia and the Far East*, 1956, p.60.

⁸ Government of Ceylon: *Six-year Programme of Investment, 1954/55 to 1959/60*, p.241.

⁹ Bank Indonesia, *Report of the year 1956-1957*, p.173.

At the end of the Second World War, the one cement plant in southern Korea had an annual capacity of 100,000 tons. With the assistance of the United Nations Korean Reconstruction Agency (UNKRA), the construction of a new cement factory with a capacity of 200,000 tons per year was begun in 1956 and completed in 1957.¹ Total production, which was 61,000 tons in 1954, rose to 92,000 tons in 1957.

In the Federation of Malaya, cement production started in 1953 with an output of 76,000 tons, which rose to 104,000 tons in 1956. With the maximum utilization of present installed capacity it may reach 110,000 tons, which is sufficient to meet about one-half of the demand.²

The total output in Pakistan was about 430,000 tons in 1949.³ It rose to 785,000 tons in 1956, and there is now a surplus for export.⁴ In order to reach the target of 1.2 million tons laid down by the five-year (1955/56-1959/60) plan, the Pakistan Industrial Development Corporation has submitted schemes for the construction of a new plant costing Rs 31 million, and for extension of two existing plants at a cost of Rs 18 million.

In the Philippines, the two prewar plants expanded their capacity after 1945 and two new ones were erected.⁵ Production rose from 299,000 tons in 1950 to 446,000 tons in 1957.

In Thailand, the output of the Siam Cement Co. increased from 165,000 tons in 1950 to 402,000 tons in 1957. A joint government-private plant with an annual capacity of 90,000 tons went into production in 1958.

STRUCTURE OF THE INDUSTRY

Raw materials for the cement industry—lime-stone, clay and, to a lesser extent, gypsum—are generally available throughout the region; in addition, use can be made of by-products of other industries, such as slag from the iron and steel industries and sludge from the chemical fertilizer industry.

One of the major problems is the generally inadequate supply of fuel and power. Except in mainland China, India and Japan, coal deposits in cement producing countries are either scarce or of inferior quality, while hydroelectric resources have not

been adequately exploited except in Japan. Burma and Pakistan have supplies of natural gas, but these are not adequate to meet all the industrial requirements. Imported fuel, such as heavy oil, is expensive.

In Japan the cost of coal accounts for about one-half of the production cost of cement. Because of the short supply and high cost of coal, many manufacturers are seriously considering converting to heavy oil or imported coke, or combining these with coal. However, the heavy cost of conversion has so far deterred all but a few factories located at great distances from the coal-fields from making the change.⁶ The use of air-quenching coolers designed to economize the use of coal has begun to gain acceptance, and attempts are being made to adopt the lowest coal consuming process.⁷

The number of workers employed in the cement industry in different countries is given by the national censuses of manufactures as follows:

	Number of establishments	Number of workers	Average number per establishment
India, 1954	21	15,143	721
Japan, 1954	34	17,470	514
Hong Kong, 1956	1	260	260
Korea, southern, 1956 . .	1	684	684
Pakistan, 1954	4	2,577	644

Most of the manual work in the cement industry can be done by unskilled labour. However, skill is needed in kiln burning and tube mill grinding, and can be acquired only by practical training. Japan, with its long tradition of cement manufacture, has no shortage of technicians, but the Indian industry is finding it difficult to train enough technicians to make possible the three-fold expansion contemplated under the second five-year plan.

Labour productivity varies with the degree of mechanization achieved. In India, the number of man-hours employed in the manufacture of cement per ton is nearly 15 to 20 times the corresponding figure in Europe or the United States.⁸ Though the Japanese industry in 1954 produced 2.4 times as much cement as the Indian, it used only 1.2 times as much labour, mainly owing to greater mechanization. In mainland China the newly built mechanized plants use an advanced technology, but the Government is now also encouraging small-scale village plants using elementary techniques and catering for local demand.

¹ United Nations, *Economic Survey of Asia and the Far East*, 1954 and 1957.

² United Nations, *Survey of Housing and Building Materials in Asia and the Far East*, p.79.

³ *Ibid.*, p.90.

⁴ *Economic Observer (Karachi)* Annual 1957, Vol.XI, No.23 and 24, p.20.

⁵ *Industrial Philippines*, Manila, 1953, pp.128 ff.

⁶ Industrial Bank of Japan (Tokyo): *Survey of Japanese Finance and Industry*, February 1953, p.3.

⁷ The requirement of kilo-calories per ton of cement is reported to be 1,000⁹ for the shaft kiln, 1,070 for the Repol process, 1,692 for the dry process and 1,855 for the wet process. ("Japan's fast-growing cement industry", *loc.cit.*, p.30).

⁸ Hattiangadi, *op.cit.*

Except for Japan, mainland China and India, all the other countries of the region import their cement-making machinery. Even mainland China and India have to import some of this machinery.

In 1954 the value of fixed capital in the cement industry was estimated as follows (in million dollars) :

	Aggregate value of fixed capital	Average value of fixed capital per plant
China: Taiwan	8.0	2.7
India	34.0	1.6
Japan	29.0	0.9
Pakistan	2.4	0.6
Philippines	0.27	...

Source: National censuses of manufactures.

There is a great degree of concentration in the ownership and management of the Japanese cement industry, although, with the entry of new entrepreneurs into this field, the share of the largest concerns in total output has declined slightly.

	1952/53	1955/56 (April-August)
Total number of companies	15	18
Share of output of the 3 biggest companies in national output (%)	57.8	53.2
Share of output of the 6 biggest companies in national output (%)	81.2	73.8

Source: Survey of Japanese Finance and Industry, Jan./Feb. 1956, Vol.VIII, No.1, p.11.

Of the 17 firms having 41 plants in April 1955, ten (with 33 plants) specialized in cement production while seven (with 8 plants) produced cement as a side-line. The "Big Three" firms—Nihon, Onoda and Iwaki—had 25 plants.

In China, the cement plants on the mainland are mostly, like other industrial plants, state owned—the exception being the joint state-private owned Ch'i-hsin Company—and are under the control of the Ministry of Building Supplies. In Taiwan, all three plants belonging to the Taiwan Cement Corporation have been transferred to private ownership since 1955.

In India the Associated Cement Companies Ltd. (ACC)—a managing agency—was formed in 1936 by the amalgamation of ten concerns. The total installed capacity of 6.4 million tons for 28 factories in 1957 was divided between the ACC factories, the Dalmia Group and others in the ratio of 2:1:1. Out of the 28 factories, only two are government owned, and they have only 5 per cent of the total installed capacity.¹

¹ "The cement industry," in Eastern Economist Blue Supplement, 27 September 1957.

The size of cement plants, as measured by annual output, varies from country to country:

	Average annual (1955-1956) output per plant	Range of annual output per plant (1,000 tons)
Ceylon ^a	100	...
China:		
Mainland ^b	...	300-450
Taiwan ^c	170	...
India ^d	178	70-200
Japan ^e	309	157-924
Pakistan ^f	130	50-275

Sources:

^a Tindal, A.: *The cement industry in Ceylon*, 1955, p.7.

^b New China News Agency, Press Release, 30 December 1957 (Peking), 10 June (Kweiyang) and 2 August 1958 (Urumchi).

^c Chinese News Service, Press Release (New York), 14 February 1956.

^d Mehta, M.M.: *Structure of Indian Industries*, Bombay 1955, p.63.

^e NKB Research Monthly, No.61, November-December 1957, p.679.

^f Sulahuddin, S.: "Cement for development", *Economic Observer*, Vol.IX, Nos.23 and 24, December 1955.

COSTS, PRICES AND PROFITS

The relative importance of wages and salaries, and of raw materials (including fuel and power), in total costs of cement in major producing countries is indicated below:

	Share in total cost (%)
Raw materials including fuel and power	Wages and salaries
China: Taiwan	50 15
India	53 11
Japan	44 9
Pakistan	53 11

Source: National censuses of manufactures, 1954.

In addition to the above listed costs, the price of cement includes mainly transport and packing charges.

In Japan, cement factories are located chiefly in the western districts where raw materials are found in abundance; from these, the product moves to the eastern districts, where a large number of consuming centres are situated. Consequently, the price used to be much higher in the east than in the west—reflecting the cost of freight. However, owing to competition between local products and "west-produced and east-bound" products, the price differences narrowed, and by December 1955 a dual price system—one for Hokkaido (¥8,550 per ton), the other for the rest of the country (¥7,500)—emerged. Some of the seaboard cement plants located in the western districts have erected storage tanks at many places throughout the country in order to secure an existing market or

cultivate new demand in those areas; they also own and operate cement tankers and bulk freight cars to save transportation charges.¹

Transport costs are high in India because distances are great and the raw materials unevenly distributed; some provinces where cement factories are concentrated send a surplus to deficit areas like Bengal, Punjab, Uttar Pradesh and Madhya Pradesh. At the end of 1948, the price per ton of cement at Rs 82.5 was distributed among various items of cost as follows:

	Percentage
Cost of manufacture	67.3
Railway freight	18.8
Packing charges	13.9

Source: *The Eastern Economist Blue Supplement*, 27 September 1957, p.vii.

Packing charges, too, constitute a substantial part of the market price for cement. In India, a maximum packing charge of Rs 26 per ton was allowed by the Government, though packing charges went down to Rs 11.14.0 in 1953.² Recently, the industry has been encouraged to sell loose cement in bulk; the first bulk supply depot, established in Delhi, has operated so successfully that the possibility of having depots in other consuming centres is now under consideration. Another method advocated in order to save costs is to transport the clinker instead of the cement and have it ground near the centres of consumption.

The secondary products of the industry tend to reduce the cost of the main product. In Japan secondary products, including ready-mixed concrete, slates, asbestos cement tubes, concrete poles, concrete blocks, and pre-stressed concrete, were recently estimated to account for 7 per cent of the total output.³

In India, the wholesale price of cement rose by only 9 per cent between 1948 and 1955. But by August 1957, there had been a further rise of 30 per cent. Before the take-over of cement distribution by the government-operated State Trading Corporation (STC) on 1 July 1956, cement was available to the consumer at around Rs 89 per ton (the "delivered price" to the ACC, which included the addition of "freight average" of Rs 15 per ton). After the STC took over the sales, however, the "delivered price" to the consumer was raised 15 per cent to Rs 100½ per ton, in order to equate it to that of imported cement. With the increase in excise duty from Rs 5 to Rs 20

¹ Survey of Japanese Finance and Industry, Jan./Feb. 1956 (Vol.VIII, No.1), pp.4, 12.

² The Eastern Economist Blue Supplement: "The Cement Industry", Vol.III, No.3 (27 September 1957), p.viii.

³ Survey of Japanese Finance and Industry, Jan./Feb. 1956, p.6.

per ton, the price was raised further to Rs 117½ per ton, exclusive of sales tax and general tax. A breakdown of this price of Rs 125.84 per ton is shown below:

	Rupees
Price paid to the manufacturer (ex-works) by the STC	54.50
Excise duty	20.00
Equalization fund levied by the STC for the purpose of subsidizing imported cement	12.78
Sales tax and other taxes of State Governments	7.34
Packing charges	13.72
Average railway freight	15.00
Selling organizations	2.50
TOTAL	125.84

Source: "The Cement Industry", *Eastern Economic Blue Supplement*, 27 September 1957, p.viii.

The dissatisfaction of the industry with the prices fixed by the Government resulted in a new recommendation by the Tariff Commission for a scale of ex-works prices for unpacked cement, ranging from Rs 54.50 to Rs 59 for the "low cost units", Rs 60.50 to Rs 65 for the "high cost units", to Rs 80.50 for the "highest cost unit", to be enforced from 1 January 1958 until 31 December 1960 (except in the case of Dalmia Cement (Bharat) Ltd. the price for which was to be enforced only till the end of 1959). The Government postponed the date of initiating of this enforcement to 1 July 1958. The Commission also fixed the rate of return on 'capital employed' at 12 per cent for low cost units, 10 per cent for high cost units, 8 per cent for the highest cost unit, and 6 per cent for the two government factories.⁴

In Japan, on the other hand, both domestic and export prices of cement have tended to fall in recent years, mainly because of extension in capacity. The wholesale price per ton fell from ¥8,700 in March 1954 to ¥6,100 in September 1956, but rose again to ¥7,300 in September 1957, mainly owing to an improvement in domestic demand. The export price (f.o.b.) per ton of Japanese cement has fallen consistently, from \$21 in 1953 to \$17.50 at the end of September 1957. This price, although higher than that in the United Kingdom and the Federal Republic of Germany by 35-43 per cent, still affords a competitive advantage to Japan's cement exports, mainly because of the greater proximity to markets in the neighbouring Asian countries and consequent economy in sea freight.⁵ For example, the freight charge to Hong Kong from Japan is less than \$3 per ton, while from the Federal Republic of Germany it is more than \$10 per ton.⁶

⁴ Fortnightly Review, New Delhi, 16 July, 1958, Vol.II, No.14, "Cement Prices", pp.1-4.

⁵ NKB Research Monthly, No.61 (Nov.-Dec. 1957), pp.675-676.

⁶ "Japan's fast growing cement industry", loc.cit., p.38.

The profits of the cement industry appear to have been higher in Japan than in India. In India, in the ten years 1945/46 to 1954/55, the average dividend was 8 per cent on paid-up capital, or 5.7 per cent on total invested capital.¹ In 1956/57, a dividend of 5.2 per cent was paid on the invested capital.² In Japan, the average dividend on the paid-up capital for five of the principal cement companies was 39.5 per cent on an annual basis for the first semi-annual term of 1952.³ The improvement and expansion of equipment, financed by the accumulation of capital from earnings, however, reduced the rate of profit on total capitalization from 8.7 per cent in the second half of 1953 to 7.5 per cent in the second half of 1954.⁴

¹ Dandekar, N. and Sawany, L., "Cement industry in India", *Times of India*, October 5 and 9, 1956, p.8.

² ACC Report to Employers, 1956-1957. Invested capital is defined as "paid-up capital plus premium on shares paid in cash plus the profits ploughed back into the business".

³ Survey of Japanese Finance and Industry, February 1953 (Vol.V, No.2), p.6.

⁴ Ibid., Jan./Feb.1956 (Vol.VIII, No.1), p.12.

MARKETS

Table 39 includes data on the estimated demand for cement in ECAFE countries and some countries outside the region.

A fairly high level of cement consumption (exceeding 100 kg *per capita* a year) has been reached in Singapore, Japan and Hong Kong, but in most ECAFE countries the domestic market is still very limited. For the region as a whole, *per capita* consumption was about 20 kg a year, or approximately one-tenth of the level in economically advanced countries of Europe, America or New Zealand.

Until recently, the region as a whole was a net importer of cement. However, in 1956 exports exceeded imports, thanks to the surplus produced in Japan. China (Taiwan and mainland), India, Iran, Pakistan, Philippines and Thailand are largely self-sufficient. Burma, Ceylon, the Federation of Malaya, Hong Kong, Indonesia and southern Korea are dependent upon imports for a major portion of their

Table 38. ECAFE countries: Cement Production, Imports and Exports, and Consumption, 1956
(thousands tons)

Country	Production	Imports	Exports	Apparent consumption (1)+(2)-(3)	Population (1,000)	Per capita apparent consumption (kg)
	(1)	(2)	(3)	(4)	(5)	(6)
British Borneo						
North Borneo	—	17	—	17	383	44
Sarawak	—	19	—	19	626	30
Burma	38	73	—	111	19,856	6
Cambodia	—	56	—	56	4,430	13
Ceylon	85	140	—	225	8,929	25
China						
Mainland	6,393	...	...	6,393	621,225	10
Taiwan	590	75	—	665	9,640	69
Federation of Malaya	104	142	1	244	6,252	39
Hong Kong	121	253	89	285	2,440	117
India	5,008	192*	7*	5,193	387,000	13
Indonesia	145	396	—	541	84,000	6
Iran ^b	80	67	—	147	21,794	7
Japan	13,024	1	2,112	10,913	90,000	121
Korea, southern	45	131*	—	176	21,800	8
Laos	—	12	—	12	1,450	8
Pakistan	785	32 ^c	68 ^d	749	83,603	9
Philippines	444	36	—	480	22,265	22
Singapore	—	251	12	239	1,264	189
Thailand	398	26	10	414	20,686	20
Viet-Nam, southern	—	184	—	184	12,366	15
Total ECAFE	27,260	2,103	2,300	27,063	1,420,009	19

Source: National data compiled by ECAFE secretariat.

* Year beginning 1 April.

^b 1955.

^c Including 117,000 tons derived from value of ICA import.

^d Private account only.

requirements. British Borneo, Cambodia, Laos, Singapore and southern Viet-Nam are completely dependent on imports.

Japan reached a prewar peak export of 655,000 tons in 1935 — mainly to the Dutch East Indies, Philippines, Hong Kong, the Straits Settlements, China and India. In 1948 exports were only 140,000 tons, but they increased rapidly, and in 1956 Japan exported 2.1 million tons—16 per cent of total production—and became the biggest cement exporter in the world.¹ Many factors contributed to this success: the Suez crisis and consequent increases in ocean freights gave Japanese cement an advantage in Middle Eastern and African countries; large purchases were made by mainland China and Indonesia; reparation shipments were made for the first time to the Philippines; purchases by Southeast Asian countries with ICA funds increased. A big, and increasing, proportion of Japan's cement exports goes to the neighbouring Asian countries. In 1951, 48 per cent went to Asian countries; in 1955, the share had risen to 80 per cent. The f.o.b. price of Japanese cement is high compared with that of European products, but in the Southeast Asian markets, as observed above, this is compensated for by lower freight costs.

Of the remaining ECAFE countries, so far only mainland China (precise quantities not available), Hong Kong and Pakistan have any considerable production for export. The planned expansion in other countries may, however, soon bring several of them into the international market.

COTTON TEXTILES

The cotton textile industry in the ECAFE region has expanded greatly since the Second World War. Japan and India have become the world's largest exporters of cotton textiles, and China (mainland and Taiwan), Pakistan and Hong Kong have entered the international market. Almost all the countries of the region are developing the industry, as the spearhead of a programme of industrialization and perhaps a means of export diversification. This general expansion, combined with growing competition from man-made fibres, has caused the volume of world trade in cotton textiles to shrink considerably. There is, therefore, a danger of over-production in the main cotton textile exporting countries of the region, and a question arises as to whether they should not try to co-ordinate their output and export targets so that total supply may be better related to the demand.

¹ Japanese Industry, 1957, p.83.

THE HAND-LOOM WEAVING INDUSTRY

For under-developed countries, hand-loom weaving presents many advantages: the overhead expenditure is negligible; transport costs are low, since production caters mostly for local demand; skill is easily acquired and leisure time, especially at slack farming seasons, can be utilized; moreover, it gives creative scope to the weavers and makes possible a wide variety of new designs. In spite of this, hand-weaving has not been able to face competition from large-scale mill production. In countries where the governments have not taken measures to revive it (for example, Cambodia and Laos) the industry is on the verge of extinction.

The size of the industry varies considerably from country to country and cannot be gauged merely by the number of hand-looms installed or weavers employed, since utilization of capacity and volume of output vary according to the availability of yarn, the efficiency of the hand-loom, the price of mill-woven cloth and—as it is often only a part-time employment for agricultural workers—the time of year.

The following estimates, however, throw some light on the picture in a number of countries of the region:

	Number of hand-looms	Employ- ment	Annual cloth output (million metres)
Burma (1951) . . .	250,000	220,000	...
China: mainland (1957) . . .	...	...	439
Ceylon	5,000	...	3.7
Federation of Malaya (1954) . . . . .	...	3,000	...
India (1954)	2,000,000	1,500,000	1,205
Indonesia (1956) . . .	1,000,000	...	...
Japan (1955)	115,000	...	...
Pakistan (1955)	400,000	400,000	329 (1954)
Philippines (1952) . . .	...	25,000	...
Thailand (1955) . . . . .	...	55,000	...

Source: National data compiled by ECAFE secretariat.

In India, Pakistan and Ceylon, there is a move to replace the hand-loom by the power-loom as Japan has done. In India under the second five-year plan, provision has been made for the conversion of 15,000 hand-looms in the first and 20,000 in the second year of the plan; any attempt at sudden conversion might, it was feared, cause unemployment and hardship. The Pakistan five-year plan envisages the adoption of semi-automatic looms which, though operated by human power, can be converted to electricity at negligible cost. In Ceylon, on the advice of Japanese technicians, the Government plans to introduce each year a pilot project consisting of 150 power-looms distributed in groups of 16-20, with their own dyeing, bleaching, printing, calendering and finishing estab-

lishments. Each project would produce on the average 1.37 million metres a year and would cost Rs 14 million.¹

Other measures have also been tried. In Burma, the Government has encouraged the import of Japanese looms and shuttles, procured yarn at controlled prices, exempted the industry from certain taxes and levies, and established research institutes and training centres. Ceylon has 350 textile training centres, many of which are organized into co-operative weaving societies. Under the six-year plan, 1,000 more centres are to be established and it is hoped that at least 18.3 million metres of cloth will eventually be produced annually.² In Indonesia, with its estimated one million handlooms, research institutes are working on the improvement of techniques of production, designs, colours and dyes. In Pakistan, it is planned that Rs 30 million, mostly from private sources, will be spent on rehabilitating the industry and improving looms; the Government has included hand-loom cloth in export incentive schemes and is willing to finance the establishment of common facility centres or make loans to co-operative societies. In the Philippines the Government requested the United Nations Technical Assistance Administration (UNTAA) to send an expert to revive the industry, and a government-subsidized training centre has been opened.

The greatest efforts of all, however, have been made in India. In accordance with the Gandhian philosophy that hand-loom weaving leads to economic self-sufficiency and provides employment in both rural and urban areas, it was ordered in 1949 that at least one-third of the textiles bought by the Government should be handwoven. The industry was also given the monopoly to produce 40 per cent of the quota of *sarees* and *dhotis*.³ Tax exemptions, direct financial aid⁴ and rebates on the sale of handwoven fabric have been granted. The All-India Hand-loom Board, established in 1952, is supervising the organization of weavers into co-operatives; under the second five-year plan, the Board is to spend Rs 1,300 million.⁵ The Reserve Bank will also make loans at a nominal rate of interest subsidized by the Government.

THE GROWTH OF THE MILL INDUSTRY

During the postwar period, most ECAFE countries have concentrated on developing the cotton-mill

industry. Despite losses suffered during the war, the installed capacity of ring-spindles rose by 18 per cent between 1939 and 1956 and that of power-looms by 28 per cent between 1939 and 1957. In 1956 the region had altogether 30.5 million ring-spindles, and in 1957 it had 742,700 power-looms.

Spindles and looms were distributed as follows (in percentages):

	<i>Ring-spindles (31 July 1956)</i>	<i>Power-looms (31 January 1957)</i>
India	39.0	27.6
Japan	27.9	50.3
China: Mainland	23.0	12.1
Taiwan	0.7	1.1
Pakistan	5.5	3.7
Korea, southern	1.4	1.1
Hong Kong	1.0	1.1
Others	1.5	3.0

Source: United Nations, *Statistical Yearbook 1957; International Cotton Statistics*, Manchester, July 1957; supplemented by the ECAFE secretariat on the basis of other available information.

In India, the industry expanded greatly during the Second World War but the multiple-shift system, which was introduced to cope with the increased demand, took a heavy toll of the machinery. Replacement was not possible because of foreign exchange difficulties. In spite of this, India, with 10.8 million spindles and about 200,000 power-looms, became in 1950 the world's leading cotton textile exporter—a position which it lost to Japan the following year. Under the first five-year plan, the industry expanded further and, in 1954, as the largest factory industry in India, it accounted for 42 per cent (772,500 persons) of the total labour and 31 per cent (Rs 2,471 million) of the fixed and working capital employed by the 28 principal Indian factory industries.⁶

By April 1958, 12.8 million ring-spindles and 207,000 power-looms were installed, although the mills had suffered from an increase in excise duty which was imposed in September 1956 in order to protect the hand-loom industry. For the same reason, the second plan has pegged mill production to 4,890 million metres a year, which the mill industry considers unduly restrictive. In early 1958, accumulation of stocks and a slump in the industry, followed by the closure of a number of mills, led the Government to appoint an expert committee to study the problem. The crisis was mainly attributed to disequilibrium in the production of different varieties of cotton cloth, the decline in purchasing power following a rise in the prices of foodgrains and other essential consumer goods, a growing rigidity of the cost structure and

¹ Government of Ceylon: *Six-Year Programme of Investments (1954/55 to 1959/60)*, pp.258-159.

² *Ibid.*, pp.254-256.

³ A *saree* is the traditional national costume of Indian women; a *dhoti* is about a 3-yard long piece of cloth used by men.

⁴ Rs 325 million between September 1953 and March 1957. Rs 40 million will be spent on the popularization of the *ambar charkha* spinning wheel.

⁵ *Business Digest* (Textile Number), Bombay, August 1956, p.24.

⁶ Directorate of Industrial Statistics, *Report of the Ninth Census of Indian Manufacturers*, Calcutta, 1957.

the heavy excise duty. The duty, especially on the coarser varieties of cloth, was substantially reduced in March 1958, owing to warnings that its continuance would ruin the industry.

Japan emerged from the war in 1946 with only 2.6 million spindles and 134,000 power-looms,¹ a large part of the equipment having been bombed or delivered as scrap for war purposes. In February 1947, the Supreme Command of Allied Powers (SCAP) allowed the industry to install up to 4 million spindles, and large shipments of American cotton were ordered. The 4 million ceiling was relaxed in 1950, and in the following year Japan became the world's largest exporter of cotton textiles. In 1955, there was a decline in exports, the home market also was weak and production declined. Expansion occurred again in 1956, when the number of spindles increased to 8.5 million, power-looms rising to 373,000 in 1957. In the first half of 1957, a postwar peak was reached; since then there has been a decline, owing to reduced domestic consumption and lower prices. As a result of overproduction and difficulties in financing the import of raw cotton, restrictive policies are now in force; output has been curtailed and the emphasis shifted to the production of high quality goods and new varieties.

In mainland China at the end of the war, the Government took over the mills in former Japanese occupied areas and placed them under the control of the Chinese Cotton Textile Corporation, a government enterprise. It was reported² that 2.4 million spindles and 60,000 power-looms had been added during the first five year plan period (1953-1957), thus raising mainland China's total capacity to over 7 million spindles and 90,000 looms. Production expanded to about 945,000 tons of yarn and about 4,600 million metres of cloth in 1956, thus exceeding the output of Japan and approaching that of India. In 1958, cotton yarn and cloth production is reported to have expanded greatly, to 6.65 million bales and 6,400 million metres respectively.

In Taiwan, until it was restored to the Republic of China in 1945, cotton textile requirements were met by imports from Japan. A domestic industry was started in 1945, but made slow progress until 1949. Thereafter, it grew rapidly—from 50,000 spindles in 1950 to 178,000 in 1954. In 1955, the Government had to restrict the number of spindles in operation in order to reduce the outlay of foreign exchange on raw cotton imports. By 1957, Taiwan had a spindleage of 210,000 and 8,200 power-looms.

¹ Keizo Seki: *The Cotton Industry of Japan*, Tokyo, 1956, p.312.

² *Ta Kung Pao* (Hong Kong), 21 September 1957; *Ta Kung Pao* (Peking), 8 May 1958.

The industry has expanded beyond domestic requirements, and the Government is making efforts to promote exports.

Pakistan in 1947 had only 16 mills with 177,400 spindles and 4,800 power-looms. But by the end of 1953, the country was able to meet 70 per cent of the domestic demand for coarse and medium varieties of cloth. The next year it even had a small surplus for export. In July 1956, installed capacity was 1.68 million spindles and 26,000 power-looms. Plans for expansion under the current five-year plan (1955/56-1959/60) involve the addition of 600,000 spindles and 18,695 looms.³ In the next stage of development, the production of finer varieties of yarn and cloth will probably be emphasized. The production in 1957 reached 144,000 tons of cotton yarn and 480 million metres of cotton cloth.

In August 1945 southern Korea had 253,848 spindles and 8,640 power-looms. The annual output was about 73 million metres of cloth and about 20,000 tons of yarn. When the Japanese technical personnel left, the mills were run by Koreans and supplied with raw cotton imported from the United States under the Economic Co-operation Administration programme. At the outbreak of hostilities in June 1950 southern Korea had an installed capacity of 316,372 spindles and 9,075 power-looms. The machinery and buildings were severely damaged in the fighting but, by December 1956, a total of 434,232 spindles and 8,442 power-looms had been installed and production of cloth and yarn reached, respectively, 82 per cent and 44 per cent of the prewar (1938) figures for the whole of Korea.⁴

The first modern mill in Hong Kong was established in 1947, with 4,000 spindles. The industry grew very rapidly and by 1956 nineteen mills with over 300,000 spindles were producing about 45,000 tons of yarn annually; the weaving section had 7,935 power-looms and in 1957 its production was estimated at 184 million metres. The industry depends entirely on imports for raw cotton supplies and attributes its growth to up-to-date machinery, high productivity, comparatively low wages and an export drive. Over one-half of the production is exported, making the textile industry the largest export industry in Hong Kong. There has recently been a tendency for the share of exported local cloth output to decline because, owing to improvements in its quality, larger quantities are being used by the Colony's garment manufacturers.

³ Government of Pakistan: *First Five Year Plan, 1955-1960*, p.445. In September 1958 the International Finance Corporation agreed to invest \$750,000 in the expansion of a Karachi cotton mill owned by Adamjee Industries Ltd.

⁴ Spinners' and Weavers' Association of Korea, *Outline of the Korean Cotton Industry, 1957*.

In 1957 the textile industry, mainly cotton textiles, gave employment to about 30 per cent of the industrial labour force in the Colony.

Since the war, most countries in the region have started to manufacture cotton textiles to meet domestic demand, and some of them are aiming at self-sufficiency. The development of the industry has been given an important place in the economic plans of ECAFE countries because its relatively simple technology and low capital intensity, combined with large domestic markets, make it very suitable for countries embarking on industrial development. Considerable progress has already been made, and further expansion is planned.

Table 39 shows the latest known figures of installed capacity of spindles and power-looms, production data for 1956 and the increases in capacity which are proposed or are now being made.

STRUCTURE OF THE INDUSTRY

In mainland China, ownership was already concentrated in the years prior to the Second World War. The Japanese-owned mills, which accounted for 42 per cent of all spindles and 50 per cent of all looms in 1936, were in the hands of large combines, while a few Chinese families also owned a large number of mills—for example, the Shun Hsin mills

and the Ta Sung mills.¹ After 1945, the former Japanese-owned mills were controlled and managed by the Chinese Cotton Textile Corporation. Since 1949, the Corporation's activities have been still further extended by the taking over of several British-owned mills, and by the conversion of mills privately owned by Chinese nationals² into joint state-private enterprises.

Nearly 80 per cent of the total capital in the cotton industry in India is now controlled by managing agents.³ Though new industrial financing institutions have developed and the money market has expanded, the needs of the industry have grown too and it is to the credit of the managing agency system that there has been no capital shortage. In Ahmadabad, managing agencies in the cotton industry are mostly individuals; in Bombay, partnerships or private companies. The actual control can be exercised in various ways, depending on the legal form of the controlled enterprise. In 1954, out of the 488 cotton mills in India, 321 were owned by public limited companies (holding 95 per cent of the capital invested

¹ Yen Chun-ping, *History of China's Cotton Textile Industry* (in Chinese), Science Publishing Company, Peking, 1955, Appendix I.

² In 1952 privately owned mills still accounted for 38.2 per cent of the total number of spindles in mainland China.

³ For a description of the managing agency system, see Chapter 4, p.77, above.

Table 39. ECAFE countries: Cotton textile capacity and production

Country	Installed capacity		1956 output		Projected additional capacity ^a	
	Ring spindles, 31 July 1956 (1,000)	Power- looms, 31 January 1957	Cotton yarn (1,000 tonne)	Cotton cloth (million metres)	Spindles (1,000)	Power- looms
Afghanistan	45	...	0.5	15.4	47	1,380
Burma	40	200	1.45	...	140	800
Ceylon	25	500	0.8	7.5	30	1,000
China						
Mainland	7,000	90,000	951.1	4,600.0	...	...
Taiwan	210	8,200	24.5	138.8	...	...
Hong Kong	304	935	45.4	184.0	...	...
India	11,884	205,254	758.0	4,851.6	1,570	—
Indonesia	122	11,477	5.4 ^b	53.0	...	...
Iran	165	3,132	...	...	70	2,280
Japan	8,501	373,076	493.2	3,178.0	...	...
Pakistan	432	8,447	30.8	134.9	...	...
Korea, southern	1,679	27,939	136.3	458.6	600	18,695
Philippines	38	504	0.8	16.6	200	...
Thailand	48	966	0.3 ^b	...	10	...

Source: United Nations, *Statistical Yearbook, 1957*, supplemented by national data compiled by ECAFE secretariat.

^a Based on targets in the development plans for Burma, Ceylon, India and Pakistan and on other sources for Afghanistan, Iran, the Philippines and Thailand.

^b 1955.

in the industry), 71 by partnerships, 43 by private companies and 40 by individual proprietors, and 13 were grouped under "others".¹

In Japan, the cotton textile industry has been dominated by the "Big Ten", who in 1954 owned 61 per cent of the total number of spindles and 63 per cent of the looms.

Statistics on capital investment in the cotton industry cover only India, Japan and Pakistan. In India, the 1954 census of manufactures showed that fixed capital investment in reporting mills amounted to about \$188 million (Rs 897 million). The proportion of fixed capital in total (fixed and working) capital rose steadily from 30.5 per cent in 1948 to 36.3 per cent in 1954, obviously as a result of the trend towards mechanization. According to the 1955 census of manufactures in Japan, total fixed capital investment in the cotton industry in that country was about \$20 million (¥7 billion); this seems to be an undervaluation, caused presumably by use of the prewar instead of the postwar Japanese yen as a basis.² In Pakistan, 14 mills in 1954 had a total capital of Rs 83.5 million, of which fixed capital investment amounted to 45 per cent or \$10 million.³ The higher proportion of fixed capital to working capital than in India may be attributed to the fact that in Pakistan many of the mills were established after the war, with more up-to-date machinery and consequently at higher cost. The average capital requirement per mill is about \$1.8 million, as against \$1 million in India (1954), and \$2.8 million for a spinning mill and \$1.4 million for a weaving mill in Japan (1955).⁴

An indication of the degree of mechanization, as measured by the number of spindles or looms operated by a worker, can be obtained from the following figures:

	No. of spindles per worker	No. of looms per worker
China: mainland (1956) . . .	674	23 (automatic)
India (1953)	380	2 (ordinary)
Japan (1953)	1,600-2,000	30-40 (automatic)
United Kingdom (1953) . . .	800	6 (ordinary)
United States (1953) . . .	1,500-2,100	60 (automatic)

Source: "Productivity in Textile Industry," in "Survey of Indian Industry", *The Hindu*, 6 January 1958; "The Prospect of Export of China's Cotton Piece-goods", by Tsai Chin, in *Ching Chi Tao Pao (Economic Bulletin)*, Hong Kong, Issue No.524, 24 June 1957.

¹ *Census of Manufacturing Industries, 1954.*

² At the end of 1954 the "Big Ten" alone had a total paid up capital of 17.6 billion yen or about \$50 million. (Pearse, A.S., *Japan's Cotton Industry*, 1955, p.15).

³ *Statistical Bulletin*, by Central Statistical Office, Ministry of Economic Affairs, Karachi, May 1957, p.601.

⁴ Pearse, *op.cit.*, p.19.

A comparison between India and Japan in this respect is revealing. In Japan rationalization of production—that is, the modernization of machinery, the standardization of processes and the avoidance of waste—has not been opposed by labour. In 1925, 250 mills with 7.2 million spindles and 133,500 looms employed 230,000 workers; at the beginning of the Second World War, 380 mills with 10 million spindles and 200,000 looms had only 190,000 workers. The adoption of automatic looms has not only increased labour productivity but improved the quality of output and reduced the costs of production. In India, on the other hand, the workers have maintained that rationalization was being adopted by the employers only to increase their profits, and have strongly resisted it. The All-India Labour Conference held in Delhi in 1951 concluded that rationalization was not in the best interests of the country, and the trade unions have been able to obtain a good deal of official backing. The 1954 report of the Karve Committee, appointed to prepare a scheme for the development of small-scale and village industries, recommended rationalization "only in so far as it has no deleterious effect on unemployment". The second five-year plan took much the same line, although it admitted the "imperative need to reduce costs by rationalizing industry".⁵ The only solution to the problem would seem to be to co-ordinate schemes for rationalization with adequate provisions for the labour rendered surplus by such a programme.⁶ There has been, however, some advance in India, as between 1946 and 1957 the number of spindles per worker increased by about 25 per cent and that of looms by 12 per cent.⁷

In mainland China, taking the average hourly output per 1,000 spindles, the highest record in the pre-1949 period for 20 count yarn was 22 kg, but it is claimed to have reached 28.9 kg in 1956. The average number of spindles and automatic looms that a worker handles has roughly doubled.⁸

It is estimated in Pakistan that the plan to work an average 2½ shifts instead of 2 will reduce manufacturing costs by approximately 10 per cent; in

⁵ Government of India, Planning Commission: *Second Five Year Plan*, p.581.

⁶ Perhaps on the lines of an agreement concluded in Ahmadabad in 1953 when representatives of the unions and management agreed that a mill should assign four looms to a weaver (instead of the normal two) only after working conditions had been investigated and defined by the Ahmadabad Textile Research Institute; the displaced workers were to be offered gratuities if they wished to retire, or be offered alternative employment; the wages paid to the weaver tending four looms were to be decided by a Special Arbitration Board. A similar agreement on work loads was concluded. Both cases quoted by C.A. Myers in *International Labour Review*, January-June 1956, pp.431-450.

⁷ Sheppard, E.D.: "Clothing India's Millions", *Commerce Annual Review Number*, Bombay, December 1957.

⁸ Tsai Chin, *op.cit.*

spinning operations an output of about 4 ounces per spindle shift is expected and this will mean over 188 pounds per spindle year or about 35 kg per 1,000 spindles an hour.¹

Raw material—primarily raw cotton but also including fuel and power—is usually the largest single item in the cost of manufacture, as can be seen from the following percentage distribution of cost for the cotton mills in different countries:

	<i>Raw materials</i>	<i>Wages and salaries</i>
India (1955)	54.9	23.4
Japan (1955)	76.6	6.9
Pakistan (1954)	50.0	15.8
Philippines (1956)	60.0	18.0

Source: National censuses of manufacture.

In Japan, spinning is mainly confined to the finer counts of yarn, from long-staple cotton which has to be imported almost wholly from abroad. As a result, the raw material cost is higher than in other countries, where lower counts are spun from home-grown cotton of a coarser variety. On the other hand, the share of wage cost in the value of the product is lowest in Japan because of large-scale mechanization.²

The cotton textile industry has been very profitable in the region as a whole. In India during the war years, it paid large dividends. An analysis of the profits made by one prominent concern showed that its dividends ranged from 10 to 40 per cent between 1936 and 1948 and from 27 to 40 per cent during the war years (1941-1945).³ A study of 28 mills in different parts of the country in 1956/57 found that the dividends on ordinary shares ranged from 6 per cent to 32.5 per cent.⁴ In a peak year, the profits made by the industry are estimated at Rs 4,000 million (\$840 million), and annual additions to reserve funds might amount to another Rs 500 million (\$105 million).⁵

In Japan in 1936, the profit rate was estimated at 5.8 per cent. During the Korean war boom, it rose to 13.8 per cent, but this level was not maintained

¹ Government of Pakistan, *First Five Year Plan 1955/56-1959/60*, p.444.

² In 1957, 18.1 per cent of the looms in Japan were automatic as compared with 6.6 per cent in India; moreover, in 1954 nearly 90 per cent of the machinery installed in the Bombay mills was more than 25 years old. See Mehta, S.D., *The Cotton Mills of India, 1894-1954*, The Textile Association (India), Bombay, 1954, p.217.

³ "Financial Structure of the Cotton Textile Industry" in the *Indian Cotton Textile Industry First Centenary Volume, 1851-1950*, p.44.

⁴ *Eastern Economist—Cotton Textiles Supplement*, November 1957, p.VII.

⁵ "Financial Structure of the cotton textile industry" in the *Indian Cotton Textile Industry First Centenary Volume, 1851-1950*, p.41.

for long.⁶ Profits have recently been falling, because costs have increased and prices declined,⁷ but the industry hopes for a revival.

In mainland China, it is estimated that textile production accounts for more than 25 per cent of the value of total industrial production, and it is reported that a total of 10 billion yuan (\$4.3 billion) was expected to be contributed to capital accumulation by the textile industry under the first five-year plan (1953-1957).⁸

MARKETS

Between 1950 and 1956, total apparent consumption of cotton cloth in the ECAFE region doubled, reaching a total of 13.3 billion metres. *Per capita* consumption rose from 5.1 to 9.4 metres;⁹ national *per capita* averages in 1956 are shown below (in metres):

British Borneo	13.1	India	10.8
Burma	5.2	Indonesia	6.4
Cambodia	6.4	Japan	22.5
Ceylon	9.7	Korea, southern	6.5
China:		Pakistan	6.0
Mainland	7.3	Philippines	6.0
Taiwan	13.9	Thailand	10.8
Federation of Malaya	13.3	Viet-Nam, southern	6.0

Development plans visualize a considerable further expansion of *per capita* consumption. In Japan it is expected that by 1960 *per capita* consumption of textile fibres will increase from 6.62 kg in 1956 to about 9, of which 3.7 kg is expected to be man-made fibres and 5.3 kg natural fibre. In India, the second plan's target is 16.9 metres by 1960/61, which is by no means ambitious considering that full utilization of the installed capacity could raise *per capita* consumption to 20 metres.¹⁰ In Pakistan, the plan has set the modest target of 13 metres *per capita* for 1960.¹¹ In mainland China cloth is still rationed;

⁶ Survey of Japanese Finance and Industry, November and December 1952, Vol.IV, Nos.11 and 12, p.5.

⁷ The Kureha Textile Review, 1 March 1958, Vol.7, No.1 (25), p.6.

⁸ From article by Prof. Yamana of Kobe Commercial University summarized in Monthly Report of Japanese Cotton Spinning Industry, No.134, February 1958, p.4.

⁹ This estimate, calculated by the ECAFE secretariat, omits (1) certain countries in the region (Iran, Laos and Nepal) and (2) production from the handloom industry, and is to that extent incomplete; nevertheless, it may serve as a rough measure of the magnitude and postwar trend.

¹⁰ See "Prospects for the Indian Mill Industry", Financial Times Survey, 13 August 1956, p.53.

¹¹ Government of Pakistan, National Planning Board, *The First Five Year Plan 1955-1960*, December 1957, p.443.

the allowance per person in 1958 was 6 metres,¹ but is planned to rise to 8 metres in 1959, in view of the rapid increase of production in 1958.²

In 1956, exports of cotton cloth from the United States, the United Kingdom, Japan and India formed two-thirds of the world total (excluding the Soviet Union, eastern Europe and mainland China) :

	Production (1,000 tons)	Exports (1,000 tons)	Ratio of exports to production (in percentages)
United Kingdom .	179	53	30.0
United States .	1,242	61	4.9
India	544	84	15.4
Japan	367	123	33.5

Sources: United Nations, *Statistical Yearbook 1957*; *Cotton World Statistics* (Quarterly Bulletin of the International Cotton Advisory Committee), October 1957.

As noted, Japan and India are the largest Asian suppliers, but in recent years mainland China, Hong Kong and Pakistan have also entered the international market.

The index below illustrates fluctuations in the Japanese exports of cotton cloth (1935=100) :

1947	1949	1950	1951	1952	1957
14	27	41	40	28	54

The curtailment in the immediate postwar years was very marked. The Korean boom produced a temporary revival, but only since 1953 has there been a steady growth of exports, reaching in 1957 about one-half of the prewar volume. The ratio of exports to production has fallen since the war from two-thirds to about one-third, mainly owing to the loss of overseas markets, particularly in China (mainland and Taiwan), Korea and Southeast Asia, and a rise in domestic consumption. In the last two or three years, however, Japanese cotton textiles have been more readily accepted in the Southeast Asian countries as a result of improved diplomatic and trade relations. Burma and the Philippines, for example, agreed to accept textiles as part of reparations payments.

In India during this century exports of cotton cloth have also been greatly affected by the two wars and by rising domestic consumption as the following figures indicate (1938=100):³

1900-1901	1914-1918	1920	1929	1938	1942	1948/49	1950	1957
37	141	54	108	100	525	100	602	481

At the beginning of the century the main markets were the East African ports, the Straits Settlements, Ceylon and Aden. During the Second World War, the exit of Japan, Germany and the United Kingdom

¹ NCNA, Peking, 12 February 1958.

² *Ibid.*, 29 December 1958.

³ Jha, I.K. "A Half Century of Textile Exports", in *The Indian Cotton Textile Industry First Centenary Volume, 1851-1950*, Bombay, 1951.

from world markets enabled India to export to Australia, New Zealand, East Africa and Southeast Asia. After the war, rising domestic demand, combined with comparatively heavy export duties, produced a substantial decline in exports. In 1950, the duties were abolished and the devaluation of the rupee further stimulated exports and enabled India to undercut Japanese prices. In 1951, exports even had to be restricted to maintain domestic consumption. The world slump of 1953 and 1954 did not affect the Indian exports as much as those of other countries.

The volume of Indian exports to Africa and the Middle East has recently declined owing to withdrawal of the privileged treatment which India used to enjoy. Sudan was a traditional market till 1954, when not only was the ban on Japanese textiles lifted but they were even allowed in duty free. Iran was lost as a market because Italy secured an important quota by an agreement of September 1954. The markets of Rhodesia and Nyasaland were lost partly because goods from the United Kingdom and the Union of South Africa were given preferential treatment and partly because of their attempts to attain self-sufficiency in cotton piece-goods. The Indian industry is now greatly concerned about the loss of markets to Japanese and mainland China competition, through the undercutting of prices. In 1956, Indian exports to Asia dropped to 238 million metres, 69 million metres less than the previous year, while Japan exported 606 million square metres, a gain of 99 million square metres.⁴ In 1957, total Indian exports consisted of 764 million metres of mill-woven cloth and 55 million metres of hand-loom cloth. Over 50 per cent of the exports is grey cloth, which is subsequently processed and re-exported by the importing countries, whereas 65 per cent of Japan's exports is coloured and printed material.

Until 1952, mainland China was still struggling to clothe its own population, but after that year, partly as a result of a change in policy, cotton textiles became an important export item. Between 1952 and 1956 the volume of exports to Burma, Hong Kong, Indonesia, the Federation of Malaya and Singapore rose 220 times to 243 million metres of cotton cloth and by 1,000 times to 11,440 tons of cotton yarn, constituting respectively 25 and 23 per cent of all cotton textile imports arriving at these destinations. In 1956, these exports were distributed as follows (in percentages) :

	Cotton cloth	Cotton yarn
Burma	13.1	59.1
Federation of Malaya and Singapore	5.9	—
Hong Kong	38.0	13.6
Indonesia	43.0	27.3

⁴ Gandhi, M.P. (editor), *Major Industries of India Annual, 1956/57*, Bombay, p.83.

In the meantime, the share of textile products (mainly woollen and cotton textiles) in mainland China's total exports to the Soviet Union rose from 3.4 per cent in 1953 to 12.3 per cent in 1956, or from 65 to 376 million roubles.

The cotton industry all over the world is facing a decline in exports. The world total of cotton cloth exports (excluding mainland China, Czechoslovakia, eastern Germany and the Soviet Union) fell from 610,000 tons in 1938 to 590,000 tons in 1956. There are two main reasons for this decrease: the first is that the under-developed countries, which used to be the main importers of cotton cloth, are now making their own; the second is the increase in popularity of textiles from man-made fibres. However, if living standards rise in the under-developed countries, it is safe to assume that *per capita* consumption of cotton cloth will increase in quantity and improve in quality.

The world share of cotton in total consumption of all fibres (excluding mainland China, the Soviet Union and eastern Europe) fell from 70.8 per cent in 1948 to 64.7 per cent in 1956, while the share of man-made fibres rose from 14.7 to 24.3 per cent. During this period, total consumption of cotton rose by only 24 per cent, to 6.2 million tons, while consumption of man-made fibres increased by 125 per cent to 2.3 million tons, the latter amount being distributed as follows (percentages):

United States	32.6
Japan	18.4
United Kingdom	8.0
Federal Republic of Germany	8.0
France	4.4
Italy	4.0
India	2.3
Other	22.3

Source: *Cotton-World Statistics* (Quarterly Bulletin of the International Cotton Advisory Committee), Washington, April 1957, pp.21-23.

Man-made fibres have many advantages over cotton: production is often cheaper and does not depend on the weather; staple length and filament denier can be produced to specification; as the material is very clean, preparatory processes such as carding and combing can be eliminated; the resulting fabrics are very attractive in texture. On the other hand, since they are not good moisture absorbers and retain body heat, they are not very suitable for clothing in countries with a warm climate.

In Japan, the production of man-made fibres is particularly advantageous, as it does not require a heavy outlay of foreign exchange on raw materials. During 1936-1939, Japan produced 30 per cent of the world's rayon, and after the war the industry, which

had not suffered so much as the cotton industry, made a rapid recovery. In 1949, Japan's first acetate yarn plant went into operation, and, in 1952, when exports of cotton textiles dropped sharply, the situation was saved by exports of man-made fibres and fabrics totalling \$82 million—second only to the earnings of iron and steel exports. Man-made fibres have been given an important place in Japan's current plan of economic development. The target for the total output of rayon staple in 1962 has been set at 0.5 million tons, an increase of 50 per cent over the 1956 level, whereas the production of cotton fabrics is to increase by only 6 per cent. As a result, the share of man-made fibres in the total yarn production is expected to increase from 31 per cent in 1956 to 42 per cent in 1962.

In India, the most popular man-made fibres are viscose filament rayon, acetate filament rayon and viscose staple fibres. By the final year of the first five year plan (1955/56), installed capacity was 10,124 tons, though the actual production of man-made fibres was only 5,811 tons, 19,068 tons short of demand. The target for 1960/61 is 30,872 tons of rayon and 5,990 tons of staple fibre. The expansion involved will cost Rs 240 million and provide additional employment to about 5,000 workers. All wood pulp requirements now have to be met by imports, chiefly from Scandinavia and Canada. However, research is being carried on to discover suitable indigenous materials like bamboo pulp, or bagasse from sugar cane, and one or two units are to be set up to experiment with the manufacture of chemical pulp. A production target of 30,000 tons of chemical pulp in the final year of the plan has been set.

Pakistan in 1951/52 imported Rs 54.5 million worth of rayon yarn and cloth, mostly from Japan. By 1955/56, these imports had fallen to Rs 35 million because Pakistan had developed its own rayon weaving industry. As about 99 per cent of the 4,000 power-looms producing rayon fabrics are situated in West Pakistan, all the 600 looms which are to be installed under the five-year plan will be in East Pakistan. The cost of these looms is calculated to be Rs 4.8 million, and another Rs 1.2 million is to be spent on modernizing the existing plants. A plant for viscose rayon is to be established with a capacity of 3,266 tons a year.

Mainland China's two plants are scheduled to produce 2,619 tons of synthetic fibre in 1958. These plants are being expanded and others built so that planned capacity for 1962 is 90,000 tons.¹

¹ New China News Agency, Press Release, 29 September 1957 (Peking), and 27 April 1958 (Antung).

India and Japan are between them planning to export about 2,240 million metres of cotton cloth a year by 1961/62, while China: Taiwan and Pakistan are also hoping to export sizable quantities in the near future. The hoped-for level of exports of these four countries together—not to speak of mainland China and Hong Kong, whose future plans are not known—is of the order of 2,286 million metres. Meanwhile, a number of traditional importing countries (Afghanistan, Burma, Ceylon, the Federation of Malaya, Indonesia, the Philippines and Thailand) are developing cotton textile production, and some of them are aiming at self-sufficiency. The 1956 level of imports of these countries (excluding Afghanistan) was about 1,376 million metres, as compared with 875 million metres in 1950. At the same rate of increase, which would presuppose no increase in their domestic production, their import requirements would rise by 1962 to about 2,160 million metres. Roughly one-fourth of this amount may, however, be met by production from new mills now under construction in these countries. Hence, if present intentions are to be fulfilled, the exporting countries will in all probability have to sell about 666 million metres of cotton cloth outside the region.

Taking into consideration the increasing competition from chemical fibres, the establishment of the European Common Market, the possibility of a Free Trade Area in Europe and the unsettled conditions in the Middle East, it is doubtful whether exporters of cotton textiles in the ECAFE region will succeed in finding markets of the indicated magnitude in the outside world. It appears, therefore, that the production and export targets given in the plans of the four countries—China: Taiwan, India, Japan and Pakistan—may prove difficult to obtain unless rising incomes generate a demand far in excess of current expectations.

CHEMICAL FERTILIZERS

THE OVER-ALL PICTURE

Fertilizer production in the ECAFE region is dominated by Japan, which is the only exporting country. A good deal of progress, however, has been made since the war in the manufacture of nitrogenous and phosphorous fertilizers¹ by other ECAFE countries, which have realized that, for balanced economic growth, agricultural development and industrialization

¹ The word "fertilizers" is used throughout this section to mean chemical fertilizers only. Fertilizer nutrient contains 100 per cent of nitrogen (N), phosphoric acid (P_2O_5) or potash (K_2O), but fertilizers, of which the most common varieties are ammonium sulphate and superphosphate, contain varying percentages of nutrients.

must go in hand. The cost of raw materials and electricity, and the capital charges, are generally high in the countries where the industry has just started, so that imported fertilizer is sometimes cheaper than the domestic product. Some economists conclude that chemical fertilizer should largely be supplied by developed economies and that underdeveloped countries should first use their available capital on irrigation and agriculture and not on fertilizer plants.² In spite of this opinion, the construction of fertilizer factories has been encouraged in several ECAFE countries because their governments wish to save foreign exchange and to establish, in this way, a basis for the chemical industry.

In 1956/57, the output of fertilizer nutrient in the ECAFE region (excluding mainland China and northern Korea) was more than double the prewar level. The following statistics illustrate this progress.

Table 40. ECAFE region: Chemical fertilizer nutrient production, prewar and postwar (thousand tons)

	1937 or 1938	1948/49 to 1950/51	1956/57	1956/57 index of output (1948/49- 1950/51=100)
ECAFE region:				
Nitrogen	280	370	887	240
Phosphoric acid .	314	227	424	187
TOTAL (A)	598 ^a	597	1,311	220
World total (B) ^b .	8,900	13,100	21,800	166
Percentage(A)/(B). .	6.7	6.1	6.1	

Source: FAO, *Yearbook of Food and Agricultural Statistics, 1957* and *An Annual Review in World Production and Consumption of Fertilizer, 1958*. The "fertilizer year" runs from 1 July to 30 June.

^a Including 4,000 tons of potash.

^b Excluding mainland China, northern Korea and Soviet Union. World total includes potash.

The share of the ECAFE region in world output increased during the postwar period but nevertheless remained smaller than before the war. The pattern of output in the ECAFE region altered. The ratio of nitrogen output to phosphoric acid, which was 110:112 before the war, had changed to 100:48 by 1956/57 because of the greater demand for nitrogen. There is almost no commercial production of potash in the region, owing to the lack of potassic deposits; potash-rich ashes are used instead.³

² Tinbergen, J., Klaassen, L. H., and Mulder, E.H.: *Observations on the planned provision of nitrogen fertilizers for the world*, H.E. Stenfert Kroese N.V., Leiden, 1956, p.29.

³ Some potash fertilizers are produced in Japan from alunite, but not on a commercial scale. Experiments are also being carried out to make potash fertilizer from quartz trachyte (dolerite) which is locally available in Japan; the output in 1958/59 is estimated at 50,000 tons.

Data showing the percentage distribution of fertilizer nutrient output among four ECAFE countries for which statistics are available are given below:

	1937 or 1958	1948/49 to 1950/51	1953/54	1956/57	1956/57 (tons)
China: Taiwan . . .	3.9	1.7	3.3	2.8	37,344
India	0.9	3.2	8.2	7.6	99,616
Japan	95.2	95.1	87.9	89.0	1,166,920
Philippines	—	—	0.6	0.6	8,000

Source: FAO, *Yearbook of Food and Agricultural Statistics, 1957* and *An Annual Review of World Production and Consumption of Fertilizers, 1958*.

Although China (mainland and Taiwan), India, Pakistan and the Philippines have recently expanded their production, Japan is still producing a very large part of the region's output. By 1960-1962, Iran and southern Korea, and probably also Indonesia, will have joined the ranks of fertilizer producers, and mainland China is expected to have greatly expanded its production. The following table shows that the development plans of eight countries envisage a total output of 20 million tons of ammonium sulphate and superphosphate by 1960-1962:

Country	Nitrogenous fertilizers in terms of ammonium sulphate (thousand tons)	Phosphate fertilizers in terms of super- phosphate	Total
Japan (1962/63) . .	5,750	3,400	9,150
China:			
Mainland (1962) .	5,000	2,000	7,000
Taiwan (1956) . .	508	206	714
India (1960/61) . .	1,473	730	2,203
Indonesia (1960) . .	187 ^a	—	187
Iran	11 ^a	—	11
Korea, southern (1961)	255 ^{a/b}	—	255
Philippines (1961/62)	231 ^a	50 ^a	281
Pakistan (1960/61) .	290 ^a	—	290
TOTAL	13,705	6,386	20,091

Source: National data compiled by ECAFE secretariat.

^a Production is estimated at 75 per cent of capacity given.

^b For the two plants now under construction.

Between 1952 and 1956, fertilizer consumption increased by 66 per cent. If it continues to grow at this same rate, the ECAFE countries, including mainland China, will be using only about 16 million tons of fertilizers by 1960-1962. Consumption will thus have to rise at a somewhat faster rate than in the recent past in order to absorb the planned output in 1960-1962. There are, however, indications that consumption will increase at a faster rate, because the Governments in this region are making increasing efforts to encourage fertilizer use, in order to produce more food for the rapidly increasing population. This

is more likely to be true, if the cost of fertilizers is such as to make their use economical, not only for cash crops, but also for food crops.

In most countries of the region, consumption is still very low, despite the considerable increases, especially of nitrogen products, since the war. India and mainland China, in particular, provide an enormous potential market. Most governments in the ECAFE region provide subsidies, in one form or another, to promote the use of fertilizers. In Ceylon, fertilizers for paddy are subsidized to the extent of one-third the fertilizer cost, and in Thailand to one-half the cost. Since 1956 Ceylon has also started subsidizing coconut growers. China: Taiwan subsidizes consumers of calcium cyanamide and superphosphate through a rice-fertilizer barter system. In southern Viet-Nam, needy farmers are given fertilizers free of charge. In southern Korea, about \$40-\$70 million of foreign aid money is spent each year on imported fertilizers which are sold to farmers at low prices based on a favourable exchange rate. Many governments charge specially low freight rates for fertilizer; in Ceylon, fertilizers are transported free to distributing centres. Ceylon also gives credit facilities to assist cultivators in the purchase of fertilizers. In India, the f.o.b. price of ammonium sulphate is fixed by the Central Fertilizer Pool, which distributes ammonium sulphate at a uniform price on a non-profit basis. This includes \$7.23 per ton as an average railway freight rate. The wholesale price of ammonium sulphate in India was steadily reduced from \$76.90 in 1952 to \$65.10 in 1956;¹ since 1957, it has been raised to \$72.35 owing to increases in wages and in freight rates for coal. Indonesia, however, makes no concessions, and Japan only allows a very low freight rate on fertilizer transport.

GROWTH OF THE INDUSTRY

The superphosphate industry in Japan started in 1887 and is the oldest chemical fertilizer industry in the region. Unlike nitrogen fertilizer, Japanese production of calcium superphosphate depends entirely on imports of phosphate rock. In 1956, Japan imported 1.7 million tons of phosphate rock, 70 per cent of which came from Florida. Balance of payments difficulties have sometimes made it necessary to curtail imports of this rock; moreover, superphosphate production has to compete with other industries for supplies of sulphuric acid. Demand for superphosphate is also likely to be affected by the growing popularity of fused phosphate, which is better and

¹ Original rupee figures are converted here into dollars at official rates of exchange.

cheaper. Fused phosphate output rose from 18,000 tons in 1950 to 360,000 tons in 1956, while superphosphate output increased by only 50 per cent, to 2 million tons. Most of the 18 companies now manufacturing superphosphate also produce compound fertilizers. The demand for these is rising, and production is expanding very rapidly. There are more than 200 different types of compound fertilizer now available in Japan.

Ammonium sulphate is the most important of the various kinds of nitrogenous fertilizers produced in Japan; in terms of value, it represents 10 per cent of all the chemical products of Japan, and half of the total chemical exports. In 1945-1956, Japan spent \$121 million on reconstructing this industry, and the output of ammonium sulphate rose tenfold, to almost 2.5 million tons. There were many reasons why Japan pushed the production of ammonium sulphate so hard: demand for the product, which is widely used in paddy fields, has been strong in both domestic and foreign markets in the postwar period; the raw materials needed for its manufacture are locally available; and the industry provides a good starting point for other branches of the chemical industry, as production can easily be diversified and over-all costs reduced. At present, there are 16 firms with 19 factories producing synthetic ammonium sulphate. An important trend in the technique of production is the increasing use of natural gas instead of coke-oven gas or the electrolysis of water method. The ammonium sulphate turned out as a by-product by steel mills and gas plants accounts for only 4-5 per cent of the synthetic output.

Urea is the most concentrated nitrogenous fertilizer in Japan; it has a nitrogen content of 46 per cent, compared with 21 per cent for ammonium sulphate and calcium cyanamide. Urea for industrial use was first produced in 1937, but it was not until 1948 that the Toyo Koatsu firm succeeded in mass producing it for use as a fertilizer. The postwar rise in urea output in Japan has been remarkable—the index of production rose from 100 in 1949 to over 5,000 in 1957 (342,660 tons). Production capacity in 1956 (374,600 tons) was second only to that of the United States (605,000 tons). This notable expansion was made possible by the preferential tax treatment given to the industry, and the use of urea in the synthetic fibre and plastic industries. Further increases in production are expected.

The fertilizers produced in mainland China are limited to ammonium sulphate, ammonium nitrate, ammonium chloride and superphosphate. No potash or compound fertilizers have been manufactured so far. Before the war, mainland China had only one

ammonium sulphate factory, with an annual capacity of 35,000 tons. The only nitrogen fixation plant produced 3,600 tons of nitric acid. By 1952, production had risen to 181,000 tons of ammonium sulphate and 7,500 tons of ammonium nitrate. Under the first five-year plan (1953-1957), the output of ammonium sulphate is reported to have risen 3.5-fold to 678,000 tons, and the output of superphosphate to 122,000 tons.¹ Total chemical fertilizer production in 1958 is reported to have risen to 1.28 million tons, or 60 per cent more than in 1957.

It is expected that, under the second five-year plan (1958-1962), total fertilizer output will be raised to 7 million tons, and more varieties of fertilizers will be produced. The Central Government has decided to build fertilizer factories throughout the country wherever sufficient raw materials, energy, transportation and marketing facilities exist. It will concentrate on large-scale plants of over 100,000 tons capacity a year, and will provide equipment and technicians for medium and small factories which are to be set up by local governments during the second five-year period. Certain parts of fertilizer machinery will continue to be imported, but the Government is reported to be making efforts to manufacture fertilizer plant equipment, especially for medium and small factories. It has built, as a prototype, a small nitrogenous fertilizer plant with a capacity of 8,000 tons a year. This plant, which started operation in Shanghai in May 1958, is highly mechanized, and uses coke or anthracite, water and air as raw materials; it was built at a cost of some two million yuan (\$850,000).²

In Taiwan, fertilizer production stopped entirely with the Japanese surrender in 1945. The Taiwan Fertilizer Company, a national government enterprise, was set up in May 1946 to put the industry back on its feet. In 1948, production of fertilizer nutrient exceeded by 5,000 tons the record output during the Japanese occupation (33,000 tons, in 1939). Between 1952 and 1957, output of ammonium sulphate rose from 5,700 to 13,400 tons, of calcium cyanamide from 68,100 to 74,800 tons, and of ammonium anhydrous from 1,700 to 7,000 tons. Production of calcium superphosphate rose from 62,000 to 104,000 tons between 1952 and 1957; output of fused phosphate fluctuated around 10,000 tons during the same period. The Government hopes that, by 1960, Taiwan will be self-sufficient in all kinds of fertilizer except potassium.

¹ New China News Agency, Press Release (Peking), 13 February 1958.

² New China News Agency, Press Release (Shanghai), 11 May 1958.

Output of superphosphate began in India during the war. Production has fluctuated widely in recent years, mainly because of an erratic supply of sulphur imports, unsteady domestic demand and inadequate transport facilities. In 1952 the Government stopped selling superphosphate, and abolished the Central Phosphate Pool. Stocks began to accumulate, and the unutilized capacity of superphosphate plants increased. By 1955/56 the capacity was 215,500 tons, but actual production only 76,000 tons, or 35 per cent of capacity. Under the second five-year plan, the target of superphosphate output in India in 1960/61 was fixed at 122,000 tons of phosphoric acid or 731,500 tons in terms of superphosphate. This was based on the ratio of 3:1 for the consumption of nitrogen and phosphoric acid.

Ammonium sulphate was produced by the Tata Iron and Steel Company as a by-product before the war, but the fertilizer industry did not make much progress until the war stopped imports. The completion of the Sindri fertilizer factory in November 1951 marked a new stage of development. India's output of ammonium sulphate jumped from 54,000 tons in 1951 to 224,000 tons in 1952 and reached almost 400,000 tons in 1955. Production declined slightly thereafter owing to a shortage of gypsum and a decrease in the amount of coal carbonized. Total production of nitrogenous fertilizers in 1955/56, the final year of the first five-year plan, fell short of the target (457,000 tons) by over 71,100 tons of ammonium sulphate, mainly because of delays in the expansion of plant capacity. The following figures show planned expansion of nitrogen output in India under the second five-year plan:

Year	Installed capacity (tons of nitrogen)			Production (tons of nitrogen)
	Public sector	Private sector	Total	
1956/57	71,100	15,200	86,300	81,300(actual)
1960/61	349,500	38,600	388,100	294,600(estimated)

Source: Government of India, Planning Commission: *Programmes of Industrial Development, 1956/57-1960/61*.

Apart from expansion of existing nitrogen plants at Mysore, Travancore and Sindri, new projects are being undertaken at Nangal, Neyveli and Rourkela. During the second five-year plan, India's capacity for nitrogen will have grown to more than four times its 1956/57 size. The over-all cost of this expansion and new construction is estimated at Rs 650 million (about \$137 million). It should be noted that, while capacity in the public sector is expected to be multiplied five times over, that of the private sector is scheduled to go up only two-and-a-half times. Total production of nitrogen at the end of 1960/61 is expected to be 76 per cent of capacity.

The first chemical fertilizer factory in the Philippines was a 50,000-ton ammonium sulphate

factory which was completed towards the end of 1952. Output remained at 60-70 per cent of capacity during 1953-1956 but rose to about 80 per cent in 1957. Another factory with an annual capacity of 30,000 tons of ammonium nitrate is now under construction. In April 1958 a new privately owned superphosphate plant, with a capacity of 123,000 tons a year, went into production.

In 1957, the Pakistan Industrial Development Corporation with United States aid completed the first ammonium sulphate plant in West Pakistan; it has a capacity of 50,000 tons. Two new plants, one with a capacity of 100,000 tons of ammonium nitrate and 60,000 tons of urea, and the other with 100,000 tons of urea, are expected to go into operation in 1960 and 1961.

In 1937, Korea produced about 600,000 tons of fertilizers a year. The largest and, except for Japanese plants, the oldest ammonium sulphate plant in Asia was at Hungnam in northern Korea. It had a capacity of 450,000 tons of ammonium sulphate, 54,000 tons of superphosphate, 50,000 tons of calcium cyanamide, and 180,000 tons of compound fertilizers.¹ In 1957, its output was reported at 327,000 tons, a two-third increase over 1956. By 1961, northern Korea expects to produce 630,000 tons of fertilizers.² In southern Korea, two urea plants, with a capacity of 85,000 tons of urea each, are now under construction, one to go into operation in 1959, and the other probably in 1960. Two more urea plants are also under consideration.³

STRUCTURE OF THE INDUSTRY

In order to manufacture chemical fertilizers economically it is necessary to have reasonably cheap raw materials and, for certain processes in the manufacturing of nitrogen fertilizers, cheap and plentiful electric power. Also, the present, or potential, market market demand for the product must be sufficient to ensure a return on the heavy capital investment required. Few ECAFE countries can offer these advantages.

Coal is used both as a raw material for nitrogen and hydrogen production and as a source of fuel in the industry. As has been indicated in an earlier section, it is found in most countries in the region, but varies widely in quantity and quality.⁴ Only mainland China, India, Japan, Korea, Laos and Vietnam have substantial reserves; significant coking coal

¹ *Industries of Korea: A Factual Analysis by Industry* (in Korean), published by the Korean Reconstruction Bank, 1958, p.189.

² New China News Agency, Press Release, 11 June 1958.

³ *Three-monthly Economic Review* (in Japanese), No.25, April 1958, p.13.

⁴ See pp.105-106 above.

reserves occur only in mainland China and India. In Japan, although low-grade coal is relatively plentiful, the price is high. Japan moreover has to import large quantities yearly of high-grade bituminous coal from the United States and anthracite from Viet-Nam to supply its power-consuming industries, including chemical fertilizers.

The sulphur necessary for the production of certain ammonium fertilizers can be obtained from sulphur deposits, pyrites, other metallic sulphides or gypsum. Japan is self-sufficient in sulphur and pyrite production,¹ and has reserves estimated at 36 million tons for sulphur and 120 million tons for pyrites.² Mainland China has no known sulphur deposits but is at present more than self-sufficient in brimstone and pyrite supplies. Taiwan has pyrite reserves; in the Chinkuashih area alone, they are estimated at over 900,000 tons.³ India lacks sulphur, but known gypsum reserves are said to be sufficient to supply another fertilizer factory of the same capacity as the Sindri plant.⁴ India's programme of industrial development, especially in the chemical industry, will make necessary increasingly large imports of brimstone to offset the lack of sulphur. India currently imports about 100,000 tons of brimstone annually, and this figure is expected to double by the end of 1960/61. In order to reduce the consumption of sulphuric acid—and thus the spending of foreign exchange—it has been suggested that dicalcium phosphate and *kotka* phosphate be manufactured instead of calcium superphosphate; alternatively, sulphur may be recovered from industrial gases and oil refineries, as is increasingly being done in Europe, either in the end-form of elemental sulphur or sulphuric acid. The new plants at Nangal and Rourkela will be producing nitrogen fertilizer in the form of nitrate and nitro-limestone to avoid the use of sulphuric acid. Indonesia's sulphur deposits are estimated at 150,000 tons,⁵ but these are located on high volcanoes and difficult of access. Pakistan's sulphur deposits are low in sulphur content, and contain arsenic, but the Pak-American fertilizer plant at Daudkhel uses about 1,500 tons of sulphur extracted from Makerwal coal. West Pakistan has large deposits of gypsum. Considerable quantities of sulphur have been discovered in Iran

and it is planned to exploit them by developing a chemical industry. In Thailand, large deposits of gypsum have recently been found.

Phosphates have been found in mainland China, Viet-Nam, Indonesia and Christmas Island (under the jurisdiction of Singapore). Reserves of phosphate rock in mainland China are reported to have been found in Hunan, Hupeh, Kiangsu, Kwangtung, Kwei-chow and Yunnan provinces; they are estimated at about 47 million tons.⁶ Viet-Nam has high-grade deposits of apatite near Laokay (northern Viet-Nam), estimated at 50 million tons. Indonesia has reserves of phosphate rock estimated at 400,000 tons in the region of Cheribon, and deposits of 100,000-150,000 tons of aluminium phosphate are also known to exist. Christmas Island has estimated reserves of 50 million tons of high-grade phosphate; in 1949, the Governments of Australia and New Zealand took over the Christmas Island Phosphate Company's undertaking at a cost of A£3,615,000.⁷

Natural gas, when locally available, is the cheapest source for large-scale ammonia syntheses. Whereas in the United States before the First World War natural gas was used as a source of hydrogen in only one plant, about 52 per cent of the United States ammonia producing capacity by 1951 was based on hydrogen from this source. Production and utilization of natural gas in the ECAFE region, however, are still on a modest scale.⁸ In Japan the total reserves of natural gas have been estimated at 200 billion cubic metres. In Pakistan, proven reserves of natural gas at Sui alone are estimated at 127 billion cubic metres, while those at Sylhet are estimated at 43-60 billion cubic metres.⁹ Work on a fertilizer factory using natural gas is now in progress. In mainland China, deposits of natural gas have recently been found in Shansi province.¹⁰ In India, exploration for natural gas is going on. Indonesia has large deposits of natural gas and also large amounts of petroleum refinery waste gases, which are not being utilized at present. The new urea plant which is being planned will be based on natural gas. A contract has been signed for the erection of a nitrogen factory in Iran which will use natural gas.

¹ Of the total world output of sulphuric acid of 42 million tons in 1956, Japan produced 3.7 million tons or 9 per cent.

² *Geology of Mineral Resources of Japan*, published by Geological Survey of Japan, Agency of Industrial Science and Technology, 1956.

³ United Nations, *Mining Developments in Asia and the Far East*, 1956, p.23.

⁴ Government of India, *Report of the Fertilizer Production Committee*, Vol.1, p.25.

⁵ United Nations, *Mining Developments in Asia and the Far East*, 1956, p.31.

⁶ Lamer, Mirks, *The World Fertilizer Economy*, Stanford University Press, 1957, p.430.

⁷ Colony of Singapore, *Annual Report 1955*, p.290; Lamer, *op.cit.*, p.280.

⁸ United Nations, ECAFE Committee on Industry and Natural Resources, "Symposium on the development of Petroleum Resources of Asia and the Far East", (E/CN.11/1&NR[PR/L.4]), p.14.

⁹ United States Department of Interior, Bureau of Mines, *Mineral Trade Note* (Special Supplement No.50; December, 1957), pp.12-13.

¹⁰ New China News Agency, Press Release (Taiyuan), 14 May 1956.

The availability of adequate electric power at low cost is of crucial importance for nitrogenous fertilizer manufacture, which is a heavy power-consuming industry. The ECAFE region is notably deficient in this respect at present.

Most of the nitrogen plants constructed in the ECAFE region in the postwar period have been large ones requiring a heavy capital outlay. Large plants however usually require a smaller capital investment per unit of output and therefore produce at lower cost than small ones; moreover, in view of the shortage of power, a new power house usually has to be built for every new plant. The use of natural gas, instead of coal, for the extraction of hydrogen has reduced investment cost. It has been estimated that a new plant using natural gas costs between \$750,000 and \$1,500,000 less than a plant using hydrogen from coke. The capital investment necessary for an ammonia plant using natural gas is about 70 per cent of one using lignite.

Not only does a nitrogen plant require a large capital outlay but also this outlay has to be largely made in foreign currency. Except in Japan, and to a lesser extent mainland China, the construction materials and plant needed for a fertilizer factory have to be purchased from abroad. The cost in foreign currency of the new urea plant at Chungju, southern Korea, comes to about 80 per cent of the total capital cost. The average foreign exchange outlay on a fertilizer plant erected in the ECAFE countries varies between 70 and 80 per cent of the total construction cost. Consequently, most of the nitrogen fertilizer plants built in the ECAFE region since the war have been financed either by the governments themselves (as in India) or partly through foreign aid funds (as in China: Taiwan, southern Korea, and Pakistan). Only in Japan is the fertilizer industry entirely financed by private enterprise. In the Philippines, one of the three existing fertilizer factories is government-owned, the other two privately owned.

The production cost of fertilizer depends chiefly on the prices of raw material and energy, the initial capital investment and the process used.

The material cost in the fertilizer production in Japan recently stood as high as 65 per cent of the total production cost.¹ In China: Taiwan, material cost also predominates, being 48 per cent in calcium cyanamide, 58 per cent in ammonium sulphate, 60 per cent in fused phosphate and 76 per cent in superphosphate.

¹ The Bank of Japan: *Analysis of Financial Statements of Main Industrial Corporations in Japan*, April-September 1957.

Prices of coal, coke and gypsum are very important in the manufacture of ammonium sulphate by the semi-water gas process. In India, the Sindri factory had to raise its ammonium sulphate price in 1957 from Rs 270 to Rs 280 per ton mainly because of an increase in the price of coal; if the freight rate on gypsum is increased, the unit cost may have to be put up again. In Japan, the high price of coal is one of the basic factors responsible for the high price of Japanese fertilizers compared with those from America and Europe.

In the manufacture of ammonia by the electrolysis process, the cost of electric energy is of crucial importance. At the Nangal factory in India, now under construction, the cost of power, at the preferential rate of 2.6 pies (0.28 U.S. cent)² per kilowatt-hour, is estimated to account for 45 per cent of the cost per ton of ammonia produced. If electricity were to be charged at the general market rate, the cost per ton of ammonia at Nangal would be prohibitive. In Japan, several ammonium sulphate producers are changing over from the electrolytic method to gas, because of the chronic shortage of electricity in the postwar years and also for reasons of economy. During 1950-1956, the ratio of ammonium sulphate produced by the electrolysis process and the gas method in Japan shifted from 1:2 to 1:3.

Capital investment enters the unit cost by way of maintenance, depreciation and interest. The depreciation charge on a fertilizer plant is usually high because technological advance quickly make it obsolescent. Thus, in the Nangal factory, depreciation at 10 per cent of the capital cost, plus interest at 4.5 per cent and some small maintenance charges, will account for almost 50 per cent of the total production cost of the ammonia. In 1953, the financial expenses of the Taiwan Fertilizer Company amounted to 15 per cent of its total production cost, while in 1957, the Hualien Nitrogen Fertilizer Corporation reported that its financial expenses accounted for over 28 per cent of the selling price.³ In the Philippines, depreciation and interest account for over 30 per cent of the average cost per ton of ammonia produced. Only in Japan do depreciation and interest charges form a small part of final costs. This is because the industry in Japan is comparatively old, and has been able to make provision for depreciation over a number of years; besides, new investments are financed at rates of interest which are lower than in other countries in the region.

² Even this exceptionally low rate is considered too high for the economical operation of a nitrogen factory using the electrolysis process. The price of electric power used in the electro-chemical and electro-metallurgical industries in Norway averages about 0.05-0.10 US cent per kilowatt-hour.

³ Bank of China, *Bi-monthly Economic Review*, No.63, p.15.

The total cost of producing fertilizer is lower than before the war, mainly because of technological improvements. Adjusted by the wholesale price index, ammonium sulphate was cheaper in 1956 than in 1934-1938 by 15 per cent in the United Kingdom, 16 per cent in the Federal Republic of Germany, 26 per cent in Japan, and 33 per cent in the United States.¹ The following table compares prices of ammonium sulphate in Japan with those in the other countries named. Although prices were higher in Japan, they fell from 1952 on.

**Current Prices of Ammonium Sulphate
(in U.S. dollars per ton)**

	Federal Republic of Germany	United Kingdom	United States
1950	42	46	32
1952	50	69	47
1956	55	59	58

Source: FAO, *Yearbook of Food and Agricultural Statistics*, 1957.

In other ECAFE countries, which produce part of their fertilizer requirements and import the rest, ex-factory prices of locally produced fertilizers are generally higher than the prices of imports. Thus, in China: Taiwan, the ex-factory prices of locally produced fertilizers are about 9 per cent higher than the landed costs of all imported fertilizers.² In the Philippines, the ammonium sulphate of the Maria Cristina plant of the National Power Corporation is reported to be sold in the market at a higher price than the imported product. In India, only the ex-factory price of ammonium sulphate from the Sindri fertilizer plant appears to be lower than the landed cost of the imported product.

In spite of the generally lower price of imported fertilizer, governments encourage domestic production because they wish to promote the growth of basic industry, or to save foreign exchange on imported fertilizers.

MARKETS

The following statistics show the growth of consumption of fertilizer nutrients in the ECAFE region between 1937/38 and 1956/57 (in thousand tons):

¹ *Yearbook of Food and Agricultural Statistics*, 1957, Part 1, for prices and *International Financial Statistics* for wholesale price index.

² Bank of China, *Bi-monthly Economic Review*, No.63, May-June, 1958, p.19.

ECAFE region: ^a	1937 or 1938	1948/49 to 1950/51	1956/57	1956/57 index (1948/49 — 1950/51 = 100)
Nitrogen (N) ..	368	547	1,129	206
Phosphoric acid (P_2O_5) ..	380	277	463	167
Potash (K_2O) ..	122	147	545	371
TOTAL (A) —	870	971	2,137	220
World total ^b (B) ..	8,700	12,600	21,700	173
Percentage(A)/(B) ..	10.0	7.7	9.8	

Source: FAO, *Yearbook of Food and Agricultural Statistics*, 1957, (Part I), and *An Annual Review of World Production and Consumption of Fertilizers*, 1958.

^a Excluding mainland China and northern Korea.

This increase has clearly been very substantial, exceeding the rate of increase for the world as a whole.³ The pattern of fertilizer consumption has meanwhile changed. Before the war, the region used nitrogen, phosphorous acid and potash in the ratio 1:1.3:0.4; by 1956/57 the ratio had shifted to 1:0.4:0.5. This change reflected a great increase in the consumption of nitrogen in Japan, India, Ceylon, Pakistan and the Philippines, and an increase in Japan's consumption of potash.

Progress in fertilizer consumption can best be measured by the amount of fertilizer nutrient used per unit of arable land, which is analysed below for two recent crop years:

Table 41. ECAFE countries: Tons of fertilizer nutrients used per 1,000 hectares of arable land, 1952/53 and 1956/57

Country	1952/53	1956/57
British Borneo	—	0.7
Burma	—	0.1
Cambodia	—	0.4
Ceylon	16.7	23.6
China: Mainland	1.0	3.2
Taiwan	143.8	155.7
Federation of Malaya . . . . .	...	9.4
Hong Kong . . . . .	...	71.4
India	0.8	1.1
Indonesia	1.8	2.0
Japan	169.0	274.8
Korea, southern	74.7	116.5
Pakistan	0.2	1.3
Philippines	11.1	8.3
Thailand	1.1	0.8
Viet-Nam . . . . .	...	3.1
Regional total (excluding mainland China)	5.5	8.4
Regional total (including mainland China)	4.3	6.8
Africa . . . . .	...	1.6
Near East . . . . .	...	3.7
Latin America . . . . .	...	6.3
North America . . . . .	...	25.3
Oceania . . . . .	...	30.4
Europe . . . . .	...	67.9

Source: FAO, *Yearbook of Food and Agricultural Statistics*, 1957 (Part I).

³ Europe continues to be the largest fertilizer consumer in the world, accounting for 50 per cent of world consumption in 1956/57, followed by North and Central America (30 per cent), Asia (11.1 per cent), Oceania (3.6 per cent), Africa (2.7 per cent), and South America (1.4 per cent). FAO, *Yearbook of Food and Agricultural Statistics*, 1957 (Part I).

It appears that the average intensity of use of fertilizer nutrient in the ECAFE region exceeds that found in Latin America, the Near East and Africa but is far below the level of North America, Oceania and Europe. The intensity is strikingly high in Japan, China: Taiwan and southern Korea, and moderately high in Hong Kong and Ceylon. Reasonably high rates of fertilizer use have also been reached in the Federation of Malaya and the Philippines. In other countries of the region, consumption in 1956/57 was in fact below the level of the Near East and often below that of Africa. Population density, soil requirements, domestic fertilizer production and prices, increases in the area of cultivated land, government policy all help to account for this wide range of intensity of fertilizer use. In Japan, the main factors are high population density and a high degree of industrialization; in China: Taiwan and southern Korea, the prewar Japanese policy of encouraging agricultural production was a contributory cause. In most other countries of the region, there is still enormous scope for increase in fertilizer consumption.

The excess of fertilizer consumption over production in the ECAFE region has steadily increased in the postwar years. In 1956/57, the deficit grew to 824,000 tons in terms of primary plant nutrients as against only 272,000 tons before the war (1938). The composition of this deficit is shown below:

**Excess of fertilizer nutrient consumption over production within the ECAFE countries
(in thousands of tons)**

Item	1937 or 1938	1948/49 to 1950/51	1956/57
Nitrogen	88	177	242
Phosphoric acid	66	50	39
Potash	118	147	543
TOTAL	272	374	824

Source: FAO, *An annual review of world production and consumption of fertilizers, 1958* and *Yearbook of Food and Agricultural Statistics, 1957*.

Between 1951/52 and 1956/57, total imports of principal nutrients from outside sources increased by 150 per cent. The share of each nutrient in total imports, however, varied greatly. Imports of nitrogen tended to increase, those of phosphoric acid fluctuated widely and tended to decline, while potash imports rose steadily (potash fertilizer not being commercially manufactured at all in the region) and trebled within the six-year period. Superphosphate imports from outside sources are likely to remain at a low level, since production capacity in Japan and India still shows a considerable excess over actual output. Future increases in nitrogen imports from outside the region depend on: the extent of Japan's reduction in

production cost vis-à-vis European and American producers; the rate of increase in domestic production in India, Pakistan and the Philippines, which obtain their fertilizer supply from outside the region; and the rate of increase in domestic consumption.¹

Japan, as noted, is the only exporter of fertilizers in the ECAFE region. Of the total exported by Japan in 1956, 98 per cent went to other ECAFE countries, almost all of it to China (mainland and Taiwan) and Korea (northern and southern). As the following table shows, about 77 per cent of Japan's fertilizer exports in 1956 was made up of ammonium sulphate and superphosphate.

Percentage distribution of the export value of fertilizers from Japan by destination, 1956

Item	Mainland	China Taiwan	Korea	Other countries	Total
Ammonium sulphate	19.7	53.4	20.4	6.5	54.9
Calcium superphosphate	66.9	16.7	14.8	1.6	22.4
Other	16.0	2.7	79.1	2.2	22.7

Source: Japan External Trade Recovery Organization, *Trade and Industry of Japan*, No.19, 1957, p.111.

The overwhelming preponderance of Japanese fertilizers in the nearby markets of China and Korea is due to Japan's advantage in freight rates over competitors from North America and Europe. In 1956, the freight from Japan to Korea was \$4 per ton of goods, while from the United States to Korea it was \$20 and from Western Europe \$25. Where markets are further removed from Japan, Japanese fertilizers find few buyers. If Japan is to extend its markets farther, it must lower production costs. In 1953, a five-year rationalization programme was introduced whose aim was to bring the cost of ammonium sulphate down to \$50 a ton. This had been achieved by the end of 1957, when f.o.b. export prices to China: Taiwan had fallen to \$47.80 per ton (from \$58.43 per ton in 1956). But this is still not cheap enough to compete in Southern Asia with European and American exporters.²

In 1952 and 1953, Japan's fertilizer exports were boosted by a policy of charging domestic consumers higher prices for ammonium sulphate than buyers from abroad. But the spread between the domestic and export price became so great that, in 1954, two

¹ In spite of increased output of ammonium sulphate in India, imports of this type of fertilizer amounted to 84,110 tons in 1957 compared with over 67,000 tons in 1951 before the completion of the Sindri factory.

² In the international bidding for supply of fertilizers to India in 1956, the American and Canadian exporters offered a price of \$38.50 f.o.b. for ammonium sulphate.

important fertilizer laws¹ were passed to stop this price discrimination. Since then, the domestic price and export price of fertilizers have been on an equal level except for some small technical export charges. The Japan Ammonium Sulphate Export Corporation handles the entire business of ammonium sulphate export; if there is a loss, it is borne first by the Corporation itself, and ultimately by the producers, but is not passed on to domestic consumers through higher prices.

¹ The Emergency Law for Stabilization of Fertilizer Demand and Supply, and the Emergency Measure Law for Rationalization of the Ammonium Sulphate Industry and Adjustment of Ammonium Sulphate Exports, were promulgated on June 10 as effective from the 1954 fertilizer year. (*Fuji Bank Bulletin*, Vol.V, No.3, p.44).

Future output expansion in Japan is not expected to be absorbed by domestic demand because fertilizer use has about reached its optimum level, especially on paddy soils. The development plan (1958/59-1962/63) envisages an increase of only 20 per cent in domestic fertilizer consumption by 1962/63, as against an increased export during this period of 230 per cent for nitrogenous fertilizers and 90 per cent for phosphate. This sharp planned increase in production probably is designed to meet an expected rise in exports to mainland China. Contracts signed with mainland China in November 1956 and December 1957 provided for the export of 85,000 tons of urea, 250,000 tons of ammonium sulphate, 35,000 tons of ammonium chloride, and 190,000 tons of calcium superphosphate, besides small quantities of other types of fertilizer.

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Chapter 7

RELATIONS BETWEEN INDUSTRIAL GROWTH AND ECONOMIC DEVELOPMENT

INTRODUCTION

In the preceding chapters, the efforts towards, and nature of, postwar industrial developments in the countries of the ECAFE region have been described, the general industrial structure has been analysed, and a more detailed examination has been made of four selected industries. The question to be raised in conclusion concerns the interaction between industrial growth and economic development in the region. The discussion here will be confined to the following aspects:¹

- (i) increases in the rate of utilization of domestic resources;
- (ii) changes in the traditional flow of persons, goods and payments across national frontiers;
- (iii) structural changes brought about by the differentiation of national economies;
- (iv) growth in the national aggregate and *per capita* income, and over-all improvements in living levels.

In an analysis of this kind, serious difficulties arise, such as the impossibility of isolating industrialization from other factors which influence economic development, e.g. agricultural improvement or external events. Moreover the attempt which has been made to arrive at broad generalizations which are applicable to the region as a whole has had to proceed mainly by means of a somewhat detailed examination in a few selected countries. Such a procedure has had to be adopted both because statistical data and other relevant information are often lacking and because in some countries no significant change in the degree of industrialization has taken place.

Attention is concentrated on the period 1950-1957, so that the early postwar reconstruction efforts

¹ Among other important aspects, mention should be made of changes in the geographical, economic, social and demographic structure of the population. However, data are not available for an analysis of this aspect during the short period under consideration. A summary of the conclusions that may be drawn from the sparse information that can be found will appear in a paper on "Population trends and related problems of economic development in the ECAFE region", to be published in the June 1959 issue of the *Economic Bulletin for Asia and the Far East* (also issued as a preprint for the fifteenth session of the Economic Commission for Asia and the Far East, March 1959).

are usually excluded. Actually, owing to the lack of comparable statistics, most of the analysis is further restricted to 1952-1956. This may partially distort the development picture, especially in the field of foreign trade, because of the impact of the Korean war. Allowances should be made for any such distortion.

THE STATISTICAL EVIDENCE OF INDUSTRIAL GROWTH

The choice of countries for investigation here is primarily determined by the availability of statistical evidence of industrial growth.² For the countries of the region for which such data are available, statistics on the share of industry in national output are given below. It may be noted that the erratic movement of the share of industry in the national income of some countries (Burma and India, for example) is attributable largely to the fluctuations of agricultural income.

In order to estimate progress in industrialization it is necessary to calculate changes in the percentage share of industry in national output (table 42) and its rate of growth³ (table 43). Both of these criteria

² Virtually no economic information is available on northern Korea and northern Viet-Nam. The absence of fundamental statistical data also makes it necessary to exclude Afghanistan, Laos and Nepal—countries in which relatively little industrial progress has in any case taken place. British Borneo, the Federation of Malaya (as well as Singapore), Indonesia and Iran are excluded because their industrial expansion is mainly confined to mining (including petroleum production). If statistical data were available, it would be interesting to treat these countries as a distinct "model" of industrialization. Unfortunately, there is only one full estimate of social accounts for Indonesia (1952), and a limited series of accounts for the Federation of Malaya and Singapore (1949-1953) without separate estimates of the value of manufacturing output and construction. No dynamic analysis can yet be applied to southern Viet-Nam, for which national account data are available for only one year (1955), although descriptive evidence indicates some progress of industrialization in recent years. The progress, however, has been mainly in reconstruction thus far, in view of the fact that hostilities terminated only in 1954.

³ The rate of growth is defined as the average compound percentage annual increase in the share of industrial product in gross national output. It is calculated according to the formula:

$$\sqrt[n]{\left(\frac{I_n}{Y_n} \div \frac{I_0}{Y_0} \right)} - 1$$

where I = value of industrial output and

Y = value of aggregate national output.

Table 42. ECAFE Countries: Percentage Share of Industry*
in National Output

	1950	1951	1952	1953	1954	1955	1956	1957
Burma	15.0	15.5	14.8	16.0	16.7	15.8	15.9	
Cambodia . . . . .	...	11.0	10.3	9.7	12.7	12.3	12.0	
Ceylon	11.4	13.3	14.1	13.7	12.8	15.0	14.6	...
China:								
Mainland . . . . .	...	21.0	...	...	...	32.0	...	
Taiwan	25.8	23.0	21.5	25.2	25.6	26.9	...	
Hong Kong . . . . .	...	...	...	38.3	...	...	...
India	16.1	16.9	17.3	16.9	18.8	18.5	17.3	...
Japan	31.8	32.4	31.8	31.9	31.3	30.3	33.3	33.8
Korea, southern . . . . .	...	...	...	15.5	17.5	14.9	15.9	20.4
Pakistan ^b	7.3	7.9	8.3	9.1	9.9	11.2	11.3	...
Philippines	13.4	14.6	14.6	16.8	16.2	17.7	19.4	19.4
Thailand	15.0	15.2	16.6	17.1	17.4	17.6	...	...

Source: National data compiled by ECAFE secretariat; *Peking Review*, 8 April 1958; Szezepanik, E.F., *The economic growth of Hong Kong*, Oxford University Press, London, 1958, p.178.

* Includes manufacturing, mining, construction, electricity, gas and water supply.

^b Excluding construction, which can be estimated at about 1.1 per cent of national output.

Table 43. ECAFE Countries: Changes in Percentage Share of Industry in National Output 1952-1956

	Absolute rise	Average annual rate of growth
China: mainland	11.0	11.1
Philippines	4.8	7.4
China: Taiwan	3.9	4.0
Pakistan	3.0	8.0
Japan	1.5	1.2
Cambodia	1.3	2.8
Thailand (1952-1955) . .	1.0	2.0
Ceylon	0.5	0.9
Korea, southern (1953-1956)	0.4	0.9
Burma	0.3	0.5
India	0.0	0.0

indicate that between 1952 and 1956 considerable increases in the share of industry in national output took place only in China (mainland and Taiwan), Pakistan and the Philippines. To these should, however, be added Hong Kong because, although corresponding statistical measures of its industrial growth are lacking, the evidence examined in the preceding chapters indicates that its postwar industrialization has been proceeding at a high rate.¹

As might be expected, the rate of industrialization in Japan in this period has been comparatively small. Japan's relatively high degree of industrialization was reached long before, and it changed very little in the

¹ See especially Chapter 5.

years when other Asian countries were being industrialized. Therefore, in a study of the effects of postwar industrial growth Japan should be treated, not as a subject of analysis, but rather as an example which, like the economically advanced countries in Europe and America, provides long-term perspective. It could well be asked what changes, not in the degree of industrialization, but in the industrial structure, have enabled Japan to maintain the features of a vigorous mature economy. This, however, would lead to an analysis of industrial rationalization or modernization as affecting economic development, which falls outside the scope of the present study.²

It is, clearly, only in Japan that a low rate of postwar industrialization can be explained by a high degree of industrialization already achieved.

In Burma, insurgent activity continued to be the major obstacle to economic recovery, and internal stability continued to present problems. Earlier plans for economic development were largely inoperative, and the revised four-year plan commenced only in 1956/57. As a result, the share of manufacturing in national output remained almost unchanged—10.3 per cent in 1951 and 10.5 per cent in 1957; the share of industry as a whole (including also mining, construction, electricity, gas and water supply) meanwhile rose from 15.0 per cent to 15.9 per cent.

² The Economic Survey of Asia and the Far East, 1957 contains, in Chapter 2, a detailed examination of the postwar economic progress and problems of Japan.

In Cambodia between 1952 and 1954, the share of industry in national output actually fell. The subsequent slight increase was chiefly due to constructional investment under the two-year (1956-1957) plan. A growth of manufacturing in Cambodia awaits the successful implementation of the five-year (1958-1962) plan.

In Ceylon, the proportion of construction in industrial output exceeded 60 per cent; manufacturing formed only 4.5 per cent of national output in 1952, and 4.7 per cent in 1956.¹ It is expected that the new plan of economic development will assign a greater role to future industrial development.

In southern Korea, until very recently, efforts were mainly confined to the construction of such manufacturing industry as was left after the 1950-1953 war, and to laying down the infrastructure of transport and power. A substantial spurt was reported in 1957, when the share of industry in gross domestic product rose by 4.8 per cent over the preceding year. This change, however, is of too recent origin to be compared in its effects with those in the other industrializing ECAFE countries.

In Thailand, industrial growth has been slightly higher than in Burma and Ceylon, and steadier than in Cambodia, but the share of manufacturing in national output has changed rather little: from 11.5 per cent in 1949 to 12.9 per cent in 1955. Statistical data for later years are not available, which makes comparison with other countries difficult. The economic development of Thailand has not yet entered the planned phase, although planning has been declared to be an aim of the present administration.

It appears, therefore, that none of the foregoing countries provides, as yet, material for an extensive analysis of the effects of postwar industrial growth on economic development.

The case of India is quite different, not only because of the relatively longer duration of its industrialization efforts, but also because of their large absolute size. The statistical picture as presented just above is, at first glance, highly surprising, and requires further comment. In 1956, India's degree of industrialization stood at the same level as in 1952, 17.3 per cent. This in fact is due to the choice of years; in 1954, a level of 18.8 per cent was reached, and this, if compared with 16.1 per cent in 1950,

gives a difference of 2.7 per cent, slightly higher than in Pakistan (2.6 per cent) and only slightly lower than in the Philippines (2.8 per cent) during the same period. On the other hand, a relatively low rate of aggregate industrial growth reappears in the data for India if a slightly longer period is taken (e.g. in 1948 the figure was 17.1 per cent), and this phenomenon must be explained chiefly by two factors which have been already stressed in Chapter 5. These factors are: (1) the fairly large share of new heavy industry with a long "gestation period" and hence a high initial capital-output ratio; and (2) the slow growth of production in cottage and small-scale industries, whose contribution to total industrial output in India is fairly large. It should be noted, however, that the share of large-scale industry including mining in national output rose from 6.5 per cent in 1950 to 8.8 per cent in 1956—an increase which was obtained chiefly at the expense of small-scale industry.² This growth in the large-scale industry sector has exerted such a dynamic influence on the economic development of India that it should be fully analysed, apart from the fact that the accompanying structural change is of interest in itself.

ALTERNATIVE PATTERNS OF INDUSTRIAL DEVELOPMENT

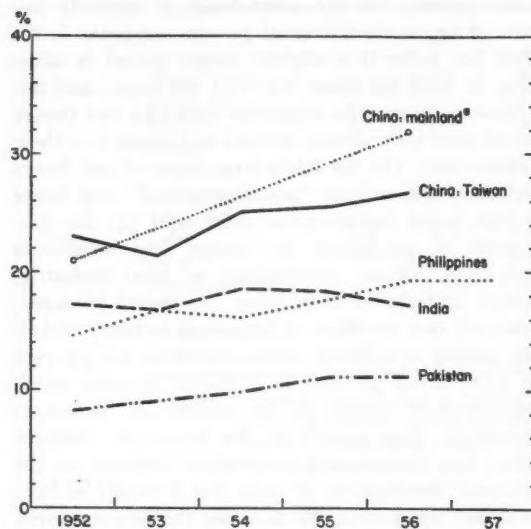
For the reasons set out above, the following countries and areas have been selected for further analysis: China (mainland and Taiwan), India, Pakistan and the Philippines, and also Hong Kong. The omission of reference to other countries does not, of course, imply that there has been no postwar industrial growth but only that the industrial progress has been too small to have had any clear effects on economic development, or that it has been too incompletely recorded to permit consideration.

In spite of these exclusions and other limitations, the analysis can be made to have rather wide application by treating the remaining cases as typical patterns of industrial development. For example, the selected six countries and areas can be grouped into "types" according to the criteria of (i) rate of industrialization, (ii) composition of industrial output, and (iii) attitudes towards central planning and private enterprise. By the first criterion, mainland China is distinguished from the others, since their average rate of industrialization has been considerably lower. The second criterion permits a distinction primarily between mainland China and to a lesser extent India, stressing producer goods on the one hand, and on the other hand China: Taiwan, Hong Kong, Pakistan and

¹ In view, however, of the fact that a large number of factories associated with the processing of agricultural products exported from Ceylon, e.g. tea factories and rubber and coconut oil mills, are excluded from the coverage of manufacturing industries, the figures here to some extent underestimate the role of industrial output in Ceylon's economy.

² The share of small-scale industry in the national output declined from 9.6 per cent in 1950 to 8.5 per cent in 1956. (Central Statistical Organization, Cabinet Secretariat, Government of India, *Estimates of National Income, 1948-49 to 1956-57*, March 1958).

Chart 7
ECAFE industrializing countries:
Share of industry in national product
(1952=100)



* Data for two years only and not strictly comparable with other countries because of differences in social accounting methods.

the Philippines, where consumer goods have a much larger share in industrial output. Recently estimated value ratios of producer to consumer goods output are as follows:

China: mainland (1957)	1.1
China: Taiwan (1956)	0.3
India (1954)	0.6*
Pakistan (1954)	0.3
Philippines (1956)	0.4

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Vol.IX, No.3, December 1958, pp.10-11.

Note: The above ratios are derived from the gross value of production for mainland China, and from the percentage shares in value added by manufacturing for the remaining countries, and are therefore not strictly comparable.

* Under the second five-year plan the ratio is higher, but a precise estimate is not available.

With regard to the third criterion, only Hong Kong does not use economic planning, but this, on the other hand, is not indicative of the role of private enterprise; private and public industrial undertakings co-exist in significant proportions in all but Hong Kong and mainland China.

The following three "types" of industrial development can here be distinguished:

- A. The type represented by mainland China with a rapid rate of industrialization, a high share of producer goods in industrial output, central planning and a virtual extinction of private enterprise.

Chart 8
ECAFE industrializing countries:
Index of national product at constant prices
(1952=100)

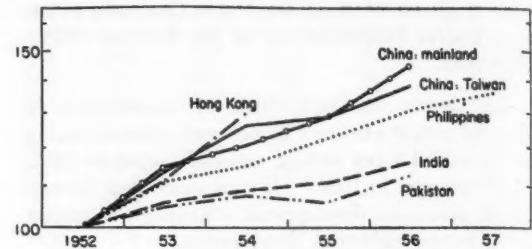
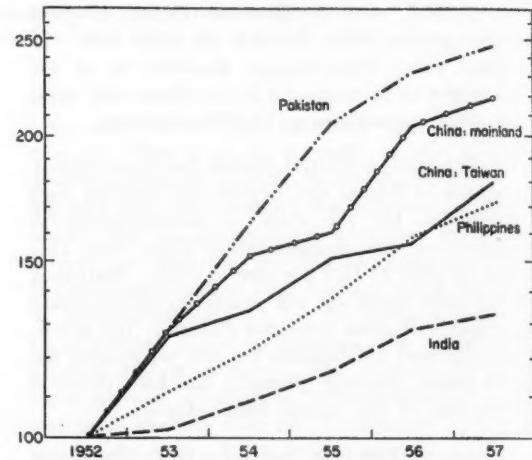


Chart 9
ECAFE industrializing countries:
Indexes of manufacturing and mining production
(1952=100)



- B. The type represented by China: Taiwan, India, Pakistan and the Philippines with a moderate industrialization rate, a fairly high share of consumer goods in industrial output, government planning, and a co-existence of public and private enterprise.
- C. The special type represented by Hong Kong with a high proportion of consumer goods in industrial output, no government planning and virtually no public industrial enterprise.

It is apparent that this classification also has relevance for the remaining ECAFE countries, judging by their past, current or apparently indicated future development. Northern Korea and northern Viet-Nam would probably best fit type A. Other countries appear for the most part to fit type B, on which our attention will have to be largely focussed.

A further advantage of this classification is the possibility of drawing analogies with other countries outside the region. It is clear that the first type is the one followed by the Soviet Union and the countries of eastern Europe. Yugoslavia is perhaps the nearest approach to type B. For Hong Kong's development, a parallel can be furnished by Japan and, to some extent, Israel. The drawing of such analogies (with due attention to all the necessary qualifications) would enrich the analysis presented here, but limitations of time and space, and also the danger of appearing to suggest certain conclusions that would not be valid, have precluded the attempt.

INCREASED UTILIZATION OF DOMESTIC RESOURCES

One of the effects of industrialization which may be expected to be visible first is an increased utilization of domestic resources—natural, capital and human resources. To what extent has their rate of utilization already increased in the developing ECAFE countries?

NATURAL RESOURCES¹

As far as natural resources are concerned, part of the answer is given in the following table, which shows the growth of area under cultivation and of output of the main agricultural raw materials.

Table 44. ECAFE Industrializing Countries: 1956 Index of Area under Cultivation and of Production of Agricultural Raw Materials
(1948-1952=100)

	<i>China:</i> mainland	<i>China:</i> Taiwan	<i>India</i>	<i>Pakistan</i>	<i>Philippines</i>
Cotton:					
area	155	142	116		
production	176	173	126		
Raw jute:					
area	...	133	70*		
production	84	121	99		
Wheat:					
area	188	133	108		
Production	156	144	91		
Sugarcane:					
area	109*	93	122	136	137
production	122*	118	126	125	124
Groundnut:					
area	165	122	128		
production	155	144	124		
Tobacco:					
area	...	114	124	113	219
Production	181*	184	123	131	226

Source: FAO and Governments.

* 1952 = 100.

¹ The natural resources endowment provides one of the tests by which to judge of a country's capacity for industrialization. However, even countries without an adequate supply of certain natural resources may become industrialized with the help of foreign trade; examples are provided by Hong Kong and, to some extent, Japan, in the ECAFE region.

As noted earlier, industrialization began, in most ECAFE countries, with the establishment of textile and food processing industries which utilized locally available agricultural raw materials. Both production and processing of agricultural raw materials have expanded during the postwar period. The increase in production has varied according to the commodity, not only because of differences in the rate of development of domestic industries utilizing these materials but also on account of changes in export demand for some commodities like raw cotton and jute. In some countries, this production has even increased at the expense of food crops. Thus, in India, the cultivated area under commercial crops (such as sugarcane, oilseeds and cotton) increased, during the first five-year plan period, from 15 per cent to 17 per cent of the total cropped area, while the area under food crops declined from 79 per cent to 77 per cent of the total.² In mainland China during 1952-1955, the area under industrial crops rose by 13 per cent, and that under foodgrains by only 7 per cent. Similar changes occurred in China: Taiwan and in some other countries.

Industrialization has sometimes reduced exports of raw materials. For instance, the growth of the textile industry in Pakistan caused cotton exports to decline from an average of 209,600 tons in 1948-1952 to 131,800 tons in 1956,³ although production of cotton lint increased by one-fourth in this period. A second change has been the substitution of finished or semi-finished goods for raw materials exports. For example, in mainland China's exports to the Soviet Union during 1953-1956 the share of textile fibres fell from 12.2 per cent to 7.7 per cent, while the share of textile products rose from 3.4 per cent to 12.3 per cent. A third effect of industrialization has been to increase exports of certain low-quality materials, while at the same time higher-quality material was imported. For instance, during 1952-1956 in India there was an increase in exports of short staple cotton, while there continued to be imports of medium staple cotton.⁴

Turning to minerals, the postwar rise in the production of minerals for the purpose of industrialization, e.g. coal and iron ore, as well as in the utilization of potential water power is shown especially

² Government of India, *Second Five Year Plan*, p.259.

³ FAO, *Yearbook of Food and Agricultural Statistics (Trade)*, 1957.

⁴ Further aspects of these structural changes in exports and imports under the impact of industrialization are discussed in a later section of this chapter, pp.144-146.

by the experience of mainland China and of India, as noted in an earlier chapter.¹ Moreover with the progress of industrialization, a growing proportion of some minerals, e.g. crude petroleum, tin concentrates and bauxites, tends to be retained at home instead of being exported abroad for processing; this has already occurred in China: mainland and the Federation of Malaya for tin concentrates, in India for

bauxite, and in Brunei, China: mainland and Indonesia for crude petroleum.

INFRASTRUCTURE

The increased demands on the infrastructure are reflected in the changes in railway traffic, which in the following table are shown along with changes in railway length and equipment.

Table 45. ECAFE Industrializing Countries: 1956 Index of Railway Length and Equipment (1953=100)

	Changes in railway traffic			Changes in railway length and equipment		
	Freight ton kilometres	Passenger kilo- metres	Length of railways	Number of		
				Locomo- tives	Freight cars	Passenger cars
China:						
Mainland	154	160 ^a	118	...	...	...
Taiwan	118	137	100	98	98	102
India	130	116	102	108	108	108
Pakistan	111	116	101	96	106	93
Philippines	112	155	102	132	99	91
Hong Kong	226	137	100	113	93	153

Source: United Nations, *Economic Bulletin for Asia and the Far East*, Vol.IX, No.2, p.43 and *Statistical Yearbook, 1957*.

^aPlanned increase in 1957 over 1952. [First Five Year Plan (in Chinese), p.95]

Railways goods traffic increased in all cases, particularly in mainland China. Substantial increases in passenger traffic also took place in most cases; a close relationship clearly exists between industrial growth and the geographical mobility of the population, although the latter is also, of course, affected by factors such as movement of troops and refugees. In none of the industrializing Asian countries did the length of railways and the volume of rolling stock increase in the same proportion as the volume of traffic. It is, therefore, obvious that the rate of utilization of railway facilities increased substantially. In most countries, recent investment in railway transport has been chiefly devoted to renovation and replacement. Expansion in railway facilities is an urgent necessity if railway transport is to keep pace with industrial growth.

A similar situation has developed in road transport, where the number of motor vehicles in use and the length of highways have both risen:

		Number of Commercial vehicles	Passenger cars	Length of highways
China: mainland	...	...	...	164
Taiwan	116	171	100	
India	135	120	...	
Pakistan	124	89	...	
Philippines	122	129	113 ^a	
Hong Kong	129	155	104	

Source: United Nations, *Statistical Yearbook, 1957*; State Statistical Bureau, 1955 *Communiqué* (in Chinese), p.39 and 1956 *Communiqué*.

^aEnd of June, 1957 (*Yearbook of Philippines Statistics, 1957*).

It appears that only in mainland China and the Philippines, among these countries, has substantial progress been made in road building in this period. In China: Taiwan, India and Hong Kong, the length of highways changed little, but they were used by a considerably greater number of vehicles.

Data concerning changes in the utilization of various means of communication are tabulated below:

¹ See Chapter 5 above, section on per capita production.

Index numbers of communications,* 1956
(1953=100)

	Letters mailed			Telegrams			Radio licences
	Domestic	Foreign Received	Sent	Domestic	Foreign Received	Sent	
China: Taiwan	203	249	135	141	110	105	110
India	—	108 ^b	—	121	177	213	144
Pakistan	117	92	130	126	91	127	111 ^b
Philippines	—	123	—	...	...	...	151
Hong Kong	153	138	94	—	112	106	143
							140

Source: United Nations, *Statistical Yearbook, 1957*.

* In mainland China, the value of fees collected from postal, telegram and telephone enterprises, in terms of average rates for 1952, reportedly rose by 54 per cent during 1952-1955. State Statistical Bureau, 1955 *Communique* (in Chinese), Peking, June 1956.

^a 1955. ^b 1952 = 100.

The use of post, telegraph, telephone and radio services expanded in all the industrializing countries. Factors other than industrial growth, however, also greatly affected the use of means of communication. For example, communications with foreign countries depended largely on such factors as the migration of persons and international political relations. Of the domestic means of communication, the increasing use of telephone services deserves special stress. Shortages of telephone installations occurred in several countries because expansion could not keep pace with demand.

Expansion in the installed electricity generating capacity and in the actual output of electricity were perhaps most directly connected with industrial growth. The relevant data are given in table 46. It appears that in all countries analyzed here the rate of growth was faster for electricity output than for generating capacity. Pakistan and mainland China have made relatively the greatest progress in expanding their electricity production; the other countries shown were all advancing at roughly equal rates.

ENTREPRENEURSHIP

In mainland China, the number of state enterprises, joint private-state enterprises and co-operative societies has grown enormously. The entrepreneurial talent of the community has been directed into planned channels and assisted by planned capital allocations. Personal responsibility, leading to individual advancement in the case of success or to demotion in the case of failure, has become the main entrepreneurial stimulus, replacing the direct pecuniary profit motive.

In China: Taiwan, Pakistan, the Philippines and India, state enterprises have also grown considerably, but private enterprise has been encouraged at the same time—being, indeed, favoured in principle in the first three. The co-existence has not always been an entirely happy one, especially when private enterprise has had to compete with state organizations or when it has worked under the fear of possible nationalization. In the Philippines, additional complications have been created by the restriction of certain fields of industry to nationals. But, in most ECAFE countries, the scarcity of capital and the grave risks

Table 46: ECAFE industrializing countries: Electricity generating capacity and production, 1953 and 1956

	Installed electricity generating capacity			Actual electricity production			
	1,000 kW 1953	1956	1956 index (1953=100)	million kWh 1953	1956	1956 index (1953=100)	
China: mainland . . . . .	...	...	200 ^a	9,195	16,593	180	
Taiwan	363	520	143	1,564	2,250	144	
India	3,097	3,700	119	6,697	9,660	144	
Pakistan	155	200 ^b	129	410	772	188	
Philippines	345	488	141	628	923	147	
Hong Kong	160	172	108	436	650	149	

Source: United Nations, *Statistical Yearbook, 1957*.

^a Planned rise in 1957 over 1952.

^b 1955.

incurred have been the main obstacles to the utilization of entrepreneurial abilities. Remedies have often been sought in the wider use of the limited liability (joint stock) institution. In some countries, industrial co-operative societies are important in view of the predominance of small-scale units in the industrial structure. The following data for India illustrate these developments:¹

	Number of joint stock companies on the register	Industrial co-operative societies	
		Number	Membership
1947/48 . . .	22,675	...	...
1951/52 . . .	29,223	7,913	881,503
1952/53 . . .	29,312	...	...
1953/54 . . .	29,493	9,087	967,868

In Pakistan, 3,249 joint stock companies were on the register in 1952. This number declined to 3,204 in 1954, but their combined paid-up capital increased from Rs 373 million to Rs 405 million.²

The growth of joint stock companies in India, China: Taiwan, Pakistan and the Philippines has been slow. This can be explained by the under-developed state of capital markets and by the tendency to stick to traditional forms of business, which also explains the relatively small success of industrial co-operatives. The following percentage distribution of recently registered new manufacturing firms in the Philippines illustrates this point:³

	Corporations	Partnerships	Single proprietorships
1950	9.0	7.4	83.6
1955	9.7	8.1	82.2

Clearly, in the field of manufacturing, the single proprietorship is the most popular type of business organization in the Philippines, where both national and Chinese entrepreneurs have an individualistic attitude toward business. However, because big manufacturing establishments require capital investments, corporate organizations control more capital than do either partnerships or single proprietors. Thus, in 1955, newly registered corporations in the Philippines had a paid-up capital of P23 million, as against P21 million for single proprietorships and P5.7 million for partnerships.⁴

As indication of the growth of entrepreneurship in the Philippines can be obtained from the fact that the number of new manufacturing firms registered in

¹ Government of India, *Statistical Abstract, 1955-56*, p.420; *Review of Co-operative Movement in India, 1950-52 and 1952-54*.

² Government of Pakistan, *Pakistan Statistical Yearbook, 1955*.

³ Villanueva, R.: "The State of the Philippine Manufacturing Industry," *Far Eastern Economic Review*, 30 October 1958, Hong Kong.

⁴ *Ibid.*, p.555.

1946-1949 (before the institution of import and exchange control) was only 1,253, whereas 9,920 were registered in 1950-1955. Paid-up capital increased from an average of P9.8 million in 1946-1949 to P33.9 million in 1955.⁵

In Hong Kong, also, individual proprietorships have remained the principal type of business organization during the postwar period, although companies have become more and more common. An indication of the rapid growth of industrial entrepreneurship in Hong Kong can be obtained from the following statistics of registered and recorded factories:⁶

	1948	1950	1957
Number of factories	1,266	1,752	3,373
Index number (1948=100)* . . .	100	138	266

The growth of industrial co-operative societies in Hong Kong has been confined to building societies. By the end of 1957, 85 of these societies had been registered. No new government industrial enterprises have been formed in Hong Kong during the postwar period.

LABUOR

The creation of new employment opportunities has been one of the main purposes of industrialization in the ECAFE region. There are no data to show changes in the percentage of the unemployed, but recent estimates suggest that their number has not been greatly reduced by the industrialization that has occurred. In table 47, the estimated numbers of unemployed and the expected additions to the labour force are related to the employment targets of four industrializing ECAFE countries. The data given do not take various forms of underemployment into account. Even so, it is clear that the planned targets fall short of the requirements. Only in the Philippines is it indicated that the number of unemployed will fall slightly by the end of the 1957-1961 plan period if the plan is fully implemented. In China: Taiwan and India, according to these indications, and perhaps also in Pakistan, the number of unemployed may well be greater at the end of the current plan periods than at their beginning. The conclusion thus seems to be that, in all these countries, the rate of industrialization is not enough to raise the degree of aggregate (as distinct from skilled) labour utilization, given the present rate of population growth.

⁵ *Ibid.*

⁶ *Hong Kong Annual Reports, 1953-1957*.

Table 47. ECAFE Industrializing Countries: Employment Targets in Current Development Plans

	<i>China; Taiwan^a (1957-1960)</i>	<i>India^b (1956/57 - 1960/61)</i>	<i>Pakistan^c (1955/56 - 1959/60)</i>	<i>Philippines^d (1957-1961)</i>
1. No. of unemployed at the beginning of the plan period . . .	297,000	5,300,000	770,000-880,000	1,200,000
2. Addition to labour force expected during the plan period . . .	400,000	10,000,000	2,000,000	1,400,000
3. Planned total addition to employment, of which . . .	238,000	9,500,000	...	1,500,000
Planned addition to industrial employment . . .	100,000	1,600,000	200,000	...
4. Estimated number of unemployed at the end of the plan period (derived from rows 1 to 3) .	459,000	5,800,000	...	1,100,000

Sources: ^a Government of the Republic of China, *Second Four Year Plan for the Economic Development in Taiwan* (in Chinese), 1957, pp.28-29.

^b Government of India, *Second Five Year Plan*, 1956, pp.112-118.

^c Government of Pakistan, *First Five Year Plan*, 1957, pp.195, 425, 594, 596. Planned total addition to industrial employment refers to large-scale industry only. The Plan states that "the rise in total employment opportunities over the plan period is likely to be as large as the number of persons seeking employments" (*Op.cit.* p.195).

^d Government of the Philippines: *Five Year Economic and Social Development Programme*, 1957, pp.6, 17.

The possible magnitude of surplus labour in Asia can be inferred from the high percentages of the total labour force employed in agriculture, which, with the exception of Japan, varied from 58 per cent for China: Taiwan (1957) to 86 per cent for Thailand (1947).¹ Precise conclusions cannot be drawn, but agricultural labour is often underemployed, in the sense that the same farm output could be produced by a smaller labour force without greatly changing production techniques.

Since the war, the problem of surplus labour has been tackled in various ways: India, Pakistan and some other countries in Southeast Asia have tried to solve it, along with other problems, largely by community development; mainland China has used surplus labour to a large extent for nationally organized public works. If the site of the investment project is located in the area of food production, as is the case in community development schemes, no major additional expenditure is incurred—although more food may be consumed because more hard work is being done. The only new costs involved are for planning, organizing and supervising the project, and for materials, tools and equipment. The wage-bill, which normally forms a large part of investment expenditure, can largely be saved.

This is not the case if investment projects are far away from the domicile of the surplus labour, as is true of many of the investment projects now being

undertaken in mainland China, such as building railways, roads and dams, or reclaiming new land in remote and undeveloped parts of the country. A large and complicated administrative overhead is required in such cases. Under these conditions, to make a project economically feasible the wages must be relatively low; extremely low wages may be paid, in conjunction with some form of compulsion. In mainland China, labour so used includes, in addition to the large mass of rural labour and labour of part of the armed forces, "reformatory labour"² and "labour under custody".³

INCREASED UTILIZATION OF EXTERNAL RESOURCES

MIGRATION

Industrialization normally increases international migration. Skilled workers and entrepreneurs are attracted by the prospects opening up in the industrializing countries. Industrialization in Europe, America and Australia produced a large net immigration.

Migration into and out of the ECAFE countries has, however, been very small in the postwar period. The tendency for nationals to assume larger responsibilities in the conduct of their economic affairs has

¹ See "Regulations Governing Reform through Labour" adopted at the 222nd meeting (26 August 1954) of the State Administration Council (Quoted in *Forced Labour*, Report by the Secretary-General of the United Nations and the Directorate-General of the International Labour Office: E/2815 dated 15 December 1955, pp.177-189).

² State Council's "Decision on the Question of Labour Custody" of 3 August 1957 (*People's Daily*, 4 August 1957).

¹ United Nations, *Demographic Yearbook 1956* and *Statistical Yearbook 1957* and Industrial Development Commission, Economic Stabilization Board of the Republic of China: "Some basic information about industry".

resulted in a net emigration of foreign civil servants, managerial and technical personnel; in some cases this emigration has caused considerable difficulties and lowered production efficiency. Between 1952 and 1956 immigrants came from the United Kingdom, United States and Japan to the industrializing countries under examination in the following numbers:

	United Kingdom	United States (1953-1955)	Japan	Total per 10,000 of population
China: Taiwan . . .	1,036	1,498	10,866	16
India	17,144	2,032	1,136	1
Pakistan ^a	2,342	...	...	...
Philippines	1,780	3,389	1,333	3
Hong Kong	14,258	409 ^b	—	64

Source: United Nations, *Demographic Yearbook*, 1954 and 1957.

^a 1954-1956. ^b 1953-1956.

Although their numbers were small, these immigrants played an important role in economic development, particularly, it would seem, in China: Taiwan and in Hong Kong.¹

In addition, foreign experts were provided under various forms of international assistance. In 1951-1956 inclusive, the following numbers of experts from abroad, some of them industrial experts, served in the areas shown:

	Colombo Plan	United Nations Technical Assistance	United States Assistance	Total per 100,000 of population
China: Taiwan . . .	...	...	124 ^a	1.2
India	110	230	266	0.2
Pakistan	92	502	136	0.9
Philippines . . . .	...	74	520	2.5

Source: Colombo Plan Bureau, *Annual Report*, 1956.

^a Figure refers to December 1956 (ICA, *Operation Report*, 1956)

Data are not available on the number of foreign experts supplied to mainland China from the Soviet Union and eastern Europe.

Statistics of foreign enterprises established in the postwar period in the industrializing ECAFE countries would, if available, throw light on the contribution of foreign entrepreneurship. The scanty information on hand indicates rather a trend towards the liquidation of foreign businesses in Asia. This, of course, has clearly become a fact in mainland China. In some other countries, however, efforts have recently been made to attract new foreign entrepreneurs, Hong Kong being no doubt one of the most successful in this respect.

¹ Apart from immigrants of European origin, Hong Kong also received a large wave of refugees from mainland China, estimated at about 500,000 persons net between 1946 and 1956, and consisting not only of unskilled but also of skilled workers, technicians, entrepreneurs, civil servants and intellectuals who have had a most significant impact on the industrial and general development of the Colony. Szczepanik, *op.cit.*, p.27 and Table 8.

In order to fill the vacuum created by departing Europeans and meet the new demand for technical and managerial personnel arising out of industrialization, many ECAFE countries have sent increasing numbers of workers and students for training abroad. During 1951-1956, the following numbers of students from four of these countries were trained abroad under various forms of sponsorship:

	Colombo Plan	United Nations	United States	Total per 100,000 of population
China: Taiwan . . . .	...	...	594 ^a	7
India	769	415	558	0.5
Pakistan	783	305	342	2
Philippines	132	214	1,229	7

Source: Colombo Plan Bureau, *The Colombo Plan*, March 1958, p.6, and *Annual Report*, 1956; ICA: Mutual Security Mission to China: *Economic Development of Taiwan, 1951-1955*, p.83.

^a Refers to 1951-1955 period.

All the industrializing ECAFE countries except mainland China benefited from the above sources of international assistance. Mainland China was offered training facilities by the Soviet Union and some eastern European countries. Under India's current programme, 1,000 engineers will be trained by the American Steel Corporation within a period of three to four years while 300 managers and technicians will receive training in the United Kingdom, 67 engineers in the Federal Republic of Germany and 80 in the Soviet Union.² Hong Kong students abroad were almost entirely financed by private means.

In view of the great shortage of trained personnel throughout the ECAFE region, considerable scope remains for expansion of international training and educational help. Aid of this kind is especially calculated to assure that the take-off attempts of Asian countries will lead on to self-sustained growth.

Goods

Industrial growth has helped to increase the volume of dealings with foreign countries and therefore raised both exports and imports. It may also produce a tendency for the country's share in world trade to increase—depending largely on the relative speed of changes at home and abroad. In the industrializing ECAFE countries, the shifts between 1952 and 1956 are illustrated by the following percentage increases and decrease:³

² Colombo Plan, *Sixth Annual Report*, p.61.

³ United Nations, *Monthly Bulletin of Statistics*, August 1958; *Economic Survey of Asia and the Far East*, 1957, Table 56; Hong Kong *Annual Report* for 1956, pp.76-77.

	Percentage change in:		Absolute change in percentage share in world trade	
	Exports Volume	Imports Value	Exports Volume	Imports Value
China:				
Mainland	... 103	... 42	0.60	
Taiwan	24 2	16 3	-0.04	
India	10 4	37 26	-0.40	
Pakistan	... -8	... -5	-0.40	
Philippines	29 34	37 19	-0.01	
Hong Kong	23 10	30 20	-0.05	

These statistics indicate a general growth in the volume and value of trade in India, the Philippines and Hong Kong, and a particularly large percentage increase in mainland China, the only one of the group to increase its share in world trade in these years. Pakistan was the only country which experienced a decline in the value of its foreign trade; after the 1955 devaluation, imports of consumer goods were drastically cut, while the substantial reduction in the volume of jute and cotton exports brought about a decline in the total value of exports.

As industrialization proceeds, the composition of exports and imports generally changes in the following ways: (i) the export of raw materials declines, then (ii) there is a gradual increase in the export of simple manufactured consumer goods and, later, (iii) the export of producer goods begins and the range of exported consumer goods widens. Among the ECAFE countries, only Japan has reached the third stage; the industrializing countries are still in the first or second.

Changes in the percentage share of raw materials and foodstuffs and of manufactured goods in the total exports of the industrializing countries in the region are shown below:

	Raw materials and foodstuffs ^a		Manufactured goods	
	1952	1956	1952	1956
China: Taiwan	98.0	92.2	1.9	7.8
India	53.8 ^b	59.0	45.5 ^b	40.2
Pakistan ^c	99.1 ^d	88.5	0.8 ^d	10.9
Philippines	69.7	67.0	29.8	32.7

Sources: China Maritime Customs, *The Trade of China (Taiwan)*; Government of India, *Accounts relating to the foreign trade and navigation of India*; Government of Pakistan, *Foreign Trade Statistics*; Central Bank of the Philippines, *Statistical Bulletin*.

Note: In most cases, the above figures do not add up to 100 per cent because of the existence of unclassified items.

^a Food, beverages and tobacco, crude materials, mineral fuels, animal and vegetable oils and chemicals.

^b Year beginning 1 April.

^c Excluding government account.

^d Excluding land-borne trade.

The share of exports of raw materials and foodstuffs declined, as might be expected, in China: Taiwan, Pakistan and the Philippines, but it went up in India,

where the production of manufactured goods did not increase fast enough to maintain the share of manufactures in total exports. The rising shares of manufactured goods in total exports were mainly due to cotton textiles; India, however, although able to export a wide range of manufactured goods (particularly light mechanical and electrical engineering products), saw the share of its traditional export leader, cotton textiles, reduced from 11 per cent in 1952 to 10 per cent in 1956. In Pakistan, the increase in the share of manufactured goods was quite pronounced; the variety of its manufactured export goods included textiles, chemicals, drugs and medicines, cutlery, hardware and instruments.

Industrialization in the ECAFE countries has naturally tended to increase imports of capital goods, and often also of industrial raw materials, while imports of consumer goods have declined. The following were the changes in the percentage share of various types of imports in the industrializing countries of the region:

	Capital goods		Raw materials		Consumer goods	
	1953	1956	1953	1956	1953	1956
China: Taiwan	25.3	28.7	45.8	54.9	28.9	16.4
India	28.2	47.6	36.7	36.5	35.1	15.9
Pakistan	33.2	39.1	41.3	33.2	25.5	27.6
Philippines	21.9	31.0	29.2	29.7	48.9	39.3
Hong Kong ^a	10.6	13.5	33.7	36.3	55.7	50.2

Source: *Economic Survey of Asia and the Far East, 1957*.

^a Hong Kong imports are largely for re-export; consequently their breakdown into the categories given does not wholly illustrate the changes arising from industrialization.

The share of imports of capital goods rose in all countries, especially in India, but the share of imports of industrial raw materials declined in India and Pakistan owing to increased reliance on domestic production. For geographical reasons, this could not occur in China: Taiwan and Hong Kong; their situation was similar to that of Japan, where between 1953 and 1957 the share of imports of industrial raw materials increased from 16 to 32 per cent. The share of imports of consumer goods declined in practically all the industrializing countries, particularly in India and China: Taiwan, but Pakistan was an exception because of the need to increase food imports during this period. In mainland China, three-fifths of the imports in the past few years are reported to have been machinery and equipment, and two-fifths raw materials for industrial and agricultural production and consumer goods.¹

¹ *Economic Survey of Asia and the Far East, 1957*, p.102.

As a result of the aggregate and structural changes in their external trade, the industrializing ECAFE countries have usually experienced considerable increases in the excess of imports over exports, as is illustrated below:

Percentage ratio of the excess of imports over exports (—) or exports over imports to:

	<i>Total imports</i>		<i>National income</i>	
	<i>1952</i>	<i>1956</i>	<i>1952</i>	<i>1956</i>
China: mainland	—26	5	—1.5	0.3
Taiwan	—38	—39	—8.2	—7.2
India	—23	—24	—1.0	—2.1
Pakistan	—15	—18	—1.7	—1.8
Philippines	—18	—8	—2.4	—1.0
Hong Kong	—23	—29	—27.0*	—34.0*

Sources: United Nations, *Monthly Bulletin of Statistics*, August 1958 (Tables 43, 44 and 50); *Economic Survey of Asia and the Far East*, 1957 (Tables 56 and 59).

* Refers to net domestic product at factor cost in 1954/55 as estimated by Szczepanik, *op.cit.*

Only in mainland China was the trade deficit eliminated by the use of rigid controls. In the Philippines the relative size of the import surplus declined because of the imposition of import control and a considerable increase in the volume of exports, especially copra and timber. In China: Taiwan, the ratio of the trade deficit to national income was reduced by the acceleration of income growth (largely linked to the implementation of the four-year plan) and by the imposition of import control, but the proportion of imports not paid for by exports rose, as it did in India, Pakistan and Hong Kong. These trade deficits were mainly due to increases in imports of capital goods, and in some cases of industrial raw materials and foodstuffs, without a simultaneous increase in the exports of manufactured goods. Traditional exports of primary products were affected by fluctuations in the world market.

PAYMENTS

The tendency for imports to exceed exports in industrializing countries usually brings about balance of payments difficulties which have to be resolved, aside from aid grants, by an inflow of foreign government or international agency loans and of private foreign capital, with corresponding increase in the burden of external debt, or by a reduction of foreign exchange reserves, or both.

Complete balance of payments data are not available for the period under review for all of the industrializing ECAFE countries, but a general summary may be given:

	<i>Net payments (—) or receipts for goods and services</i>	
	<i>1952</i>	<i>1956</i>

(million dollars)

China: mainland*	—622	114
Taiwan	—96	—108
India	—117	—673
Pakistan	—258	—165
Philippines	—53	—70

Source: International Monetary Fund, *International Financial Statistics*; *Foreign Trade of the People's Republic of China*, Peking 1956 and official budget statements for mainland China.

* In absence of statistics, instead of figures for 1952, combined data for 1953 and 1954 are used.

A deficit on goods and services account was the rule for all these countries in 1952. By 1956, this deficit had increased in China: Taiwan, India and the Philippines but decreased in Pakistan, mainly because of a considerable reduction of imports. Mainland China reportedly managed to switch from a trade deficit in 1953-1954 to a surplus in 1956 and even to extend aid to other countries, meanwhile reducing considerably its own reliance on external assistance from the Soviet Union. In Hong Kong, an inflow of private capital and invisible earnings from brokerage, banking, insurance, shipping and other entrepot services appears to have more than offset the growing trade deficit during the period under review.

Balance of payments deficits were partly covered by foreign aid.¹ The large amount of aid *per capita* received annually by China: Taiwan no doubt played an important part in its industrialization. Mainland China reportedly received about \$2,250 million worth of aid from the Soviet Union during 1953-1957, repaid about 28 per cent of this credit during the same period and extended \$1,524 million of aid to other countries; hence net foreign aid received by mainland China in 1953-1957 can be estimated at about \$100 million, or three US cents *per capita* per year.

As the aid received by mainland China appears to have consisted entirely of loans, the above figure can be regarded also as an indication of international indebtedness in that country. In other countries, only a part of the aid received consisted of loans, the balance being in grant form. The following data illustrate changes in the international indebtedness of their governments:

¹ See chapter 4, section on "External public aid", above.

	Total external debt (\$ million)	Per capita external debts (\$)	External debt as a percentage of national income		1952	1956
	1952	1956	1952	1956		
India ^a	247.7	296.9	0.67	0.77	1.2	1.2
Pakistan ^b	...	70.8	...	0.85	...	1.6
Philippines ^c	59.0	80.4	4.59	3.53	2.9	2.2

Sources: United Nations, *Statistical Yearbook 1957*, and *Dawn* (Karachi), 18 April 1958.

^a Fiscal years 1952/53 and 1956/57.

^b Fiscal year 1956/57.

^c Fiscal years 1951/52 and 1956/57.

The statistics quoted above, although incomplete, indicate an increase in the burden of international debt in India and possibly in Pakistan. In the Philippines, the burden declined because of debt-repayment, so that industrialization was chiefly financed by reducing the foreign exchange reserves. In Hong Kong, external loans, which came chiefly from the United Kingdom, played a negligible role as compared with the inflow of private capital and entrepot earnings and there was no need to draw on foreign assets held by the Government.

The following figures indicate changes in the year-end foreign exchange reserves, calculated as a percentage ratio to the year's imports, in four industrializing countries:¹

	1952	1956
China: Taiwan	6	11
India	82	80
Pakistan	45	84
Philippines	71	44

Pakistan and China: Taiwan present exceptions to the general downward trend (general in most ECAFE countries) of the ratio of foreign assets to imports. In Pakistan, this was due to the 1955 currency devaluation and to the fact that 1952 was a peak year for imports following the record export earnings in 1951; the flow of goods under the United States Agricultural Trade Development and Assistance Act further relieved the pressure on foreign exchange reserves. However, in 1957, the situation in Pakistan deteriorated, and the ratio of foreign exchange reserves to imports fell to 60, while in India it declined further, to 49 per cent.

According to available information, foreign exchange holdings by mainland China have been growing recently, mainly thanks to the accumulation of funds accruing from large export surpluses in its trade with Hong Kong.²

In general, balance of payments difficulties tended to be viewed as a major obstacle to the progress of industrialization in Asia.

CHANGES IN THE STRUCTURE OF PRODUCTION

ECONOMIC DIVERSIFICATION

An important aspect of the process of economic development is the diversification of the economy which occurs. The relative contribution of the various economic sectors to output and to employment changes, and structural shifts also take place within each sector. As a rule, the main shift in the over-all structure of the economy is a relative decrease in the share of agriculture in the national output and a corresponding relative increase in the aggregate share of the other sectors, with the increase of industry tending to be, in the earlier stages, particularly notable. In the short period under consideration here, changes in the relative prices of the goods and services produced by the several sectors, and in the share of exports in their respective products may have played a part. Table 48 illustrates these changes in recent years (1952-1956) in the ECAFE region.

Although the period covered is too short for the changes observed to be regarded as long-term trends, the data show that the share of agriculture has decreased in all of the countries shown, with the exception of India, and that the share of industry has increased, again in all countries shown except India, where it remained unchanged between 1952 and 1956. The changes in these two sectors have been largest in mainland China, but the data for that country are not directly comparable with the others because of different methods of social accounting.

The services sector has decreased in relative importance in all countries shown (with the exception of mainland China), while the government sector has generally increased. The services sector is a very heterogeneous group, and probably the sector for which social accounting is least satisfactory. The government sector includes defence, which fact alone makes comparison difficult. Also, although in the ECAFE region considerable expansion of state activities has been necessary, this does not mean that a relative growth of the government sector is always an indispensable part of the process of economic development.

THE AGRICULTURAL SECTOR

The agricultural and the non-agricultural sectors of the economy are tied to each other by means of a number of economic relationships, and in the

¹ International Monetary Fund, *International Financial Statistics*.

² Szczepanik, E.F. "The Embargo Effect on China's Trade with Hong Kong" (in *Contemporary China*, Vol.II, 1956-57, edited by E.S. Kirby).

Table 48. ECAFE Industrializing Countries: Percentage Distribution of National Output by Sectors, 1952 and 1956

	Industry ^a		Agriculture ^b		Services ^c		Government ^d	
	1952	1956	1952	1956	1952	1956	1952	1956
China:								
Mainland . . .	21.0	32.0	59.2	48.1	19.8	19.9	...	...
Taiwan . . .	23.0	26.9	35.1	32.7	31.2	28.9	10.7	11.5
India	17.3	17.3	48.9	49.9	29.1	27.6	4.7	5.3
Pakistan ^e	8.3	11.3	59.1	57.2	27.1	26.0	5.6	5.5
Philippines . . .	14.6	19.4	42.8	39.7	35.1	32.6	7.4	8.2
Hong Kong ^f . . .	...	38.3	...	2.9	...	50.3	...	8.6

Source: National data compiled by ECAFE secretariat; *Peking Review*, 8 April 1958; Szczepanik, *op.cit.*

^a Including manufacturing, mining, construction, electricity, gas and water supply.

^b Including agriculture, forestry and fishery.

^c Including transportation, communication, utilities (other than electricity, gas and water supply), wholesale and retail trade, ownership of dwellings and other services.

^d Including public administration and defence.

^e Net domestic product at factor cost at 1949/50-1952/53 average prices.

^f National income in 1954/55.

process of economic development they exert profound influences on each other. On the one hand, agriculture supplies many of the requirements for the developing industry: labour from the underemployed farm population, raw materials, food for the expanding cities, and, through exports, foreign exchange required for the import of industrial requisites. On the other hand, the agricultural sector is an important market for the goods produced by industry, both goods for consumption by individuals and those for use in the agricultural production process, and it will benefit from industrial development as fertilizers, insecticides, tools and other requisites are produced. Although the non-agricultural sector normally grows faster than the agricultural sector in a developing economy, the relationships between the two sectors need to be kept constantly under review if balance of payments difficulties, inflation, unemployment and other symptoms of disequilibrium are to be avoided or minimized.

Although the share of the agricultural sector in the national income tends to decline in the process of economic development, in absolute terms the output of agriculture must increase. If the agricultural sector fails to produce the additional output required, the result will be either an increase in the domestic prices of agricultural products or an increase in the imports of such products from abroad in an effort to cushion the effects of such crucial shortages on the domestic price level, or a combination of both. In either case, the process of industrialization will be seriously hampered, and economic development as a whole will be slowed down.

In table 49 certain relevant series of statistics are assembled, for the countries under consideration, showing changes in the output of agriculture and the course of prices and imports of cereals. For a proper appraisal of the performance of agriculture as a whole, detailed studies of each individual country would be required. Certain broad conclusions can, however, be drawn from the data here presented.

In the first place, it would appear that the production during 1952-1956 of cereals, food and all agricultural commodities increased faster than did population in the countries shown except China: Taiwan and (for "all commodities") Pakistan.

The information on relative prices of cereals and other goods is less satisfactory. The chosen indicators would, however, show that in all cases except for rice in China: Taiwan the domestic prices of cereals have either decreased more or increased less than the general price level in the countries shown. In other words, the real price of cereals has been declining.¹

Most governments of the ECAFE region have since the war exercised varying degrees of control over distribution and prices of cereals. In the majority of cases the policies have been directed toward favouring the off-farm consumers rather than the producers of cereals, the aim being to prevent the

¹ This may account for a part of the decline in agriculture's share in national output which was evident from data shown in table 48.

Table 49. ECAFE Industrializing Countries: Postwar Changes in Agricultural Production, Cereal Imports and Prices

	Index numbers of agricultural production in 1956/57 (1952/53=100) ^a						Index numbers of population in 1956 ^b (1952=100)	Index numbers of ratio of prices of wheat and rice to general price level in 1956 (ratio in 1952=100) ^c		Index numbers of net imports of rice and wheat in 1957 (1952=100)	
	Aggregate		Per capita					Wheat	Rice		
	All commodities	Food	Cereals	Food	Cereals						
China: mainland	102 ^d	...	...	...	...	109	...	...	...
Taiwan	114	114	114	99	99	115	85	113	*		
India	116	114	123	108	115	105	95	100	108		
Pakistan	105	108	111	108	105	106	87	85	430		
Philippine	117	114	110	106	101	110	...	83	142		

^a FAO index numbers, except for mainland China.^b Mid-year estimates.^c The following prices or price indexes have been used: China (Taiwan): General wholesale price index, and indexes of Taipei wholesale prices of domestic wheat and rice. India: General wholesale price index and wholesale price indexes of wheat and rice. Pakistan: For wheat, cost of living index in Karachi, and wholesale price of wheat at Lyallpur; for rice, cost of living index in Narayanganj and wholesale price of rice at Dacca.

Philippines: Wholesale price index of domestically consumed goods and wholesale price index of domestic rice.

^d Gross value of agricultural output at constant prices.^e In 1952, China (Taiwan) was a net exporter of cereals (rice) to the amount of 38,000 tons. In 1956 and 1957, however, it was a net importer of cereals, with the wheat imports exceeding the rice exports by 102,000 tons in 1956 and 27,000 tons in 1957.

cost of living from increasing in the urban centres. Although no country can claim complete success in this regard, the policy has undoubtedly in many cases been a stabilizing factor. Import of cereals from abroad has often been one of the most important methods of bringing this stabilization about.¹

The column showing the index of the combined net imports of rice and wheat indicates indeed that such imports rose in 1957 in all of the countries for which data are available. These countries import as a rule only marginal quantities of cereals, mainly for consumption in cities and other centres of population. The fact that an increase in such imports has been necessary although the total cereal production *per capita* has been increasing would indicate that, most probably, larger quantities of food have been consumed by the farm population and that in any case the off-farm demand has exceeded the quantities which have been marketed from domestic production.

Larger consumption of food on the farms of the ECAFE region represents a real gain in welfare for a large sector of the population; indeed, the fact that higher real earnings on the farms are expended in this manner throws into relief the low existing con-

sumption standards. Nevertheless, in the context of a deliberate effort at economic development, inadequate marketings of domestic foodstuffs are a handicap which governments have tried to overcome in various ways.

The best remedy, of course, lies in further increases in the productivity of agriculture so that successive increments of output may be almost entirely marketed. In the absence of sufficient production to satisfy fully both the farm and non-farm sectors, the governments of the region have attempted to increase the marketed share by entering the market themselves as purchasers and distributors of cereals, usually at fixed, and frequently at low, prices. Various governments (including those in China: mainland and Taiwan, India, southern Korea and Pakistan) have at one time or another adopted compulsory procurement. In mainland China, collectivization of agriculture has been carried out and compulsory deliveries and sales of grain to government procuring agencies have been enforced. In 1954-1957, the proportion of foodgrains thus collected and purchased by the government amounted to over a quarter of the total production.² This was combined with a price policy which limited the farmer's spending power and thus generated surpluses for industrial investment.

¹ See UN/FAO, *Food and Agricultural Price Policies in Asia and the Far East* (Bangkok, 1958. UN Sales number 1958.II.F.2), and FAO, *Report of the FAO/ECAFE Centre on Policies to Support and Stabilize Agricultural Prices and Incomes in Asia and the Far East* (FAO, ETAP Report No. 887, Rome, 1958).

² United Nations, *Economic Survey of Asia and the Far East, 1957*, p.98.

Taxes in kind have been employed as an additional means of procuring foodgrains in China (mainland and Taiwan) and southern Korea. In mainland China these taxes mopped up from 1/7 to 1/8 of foodgrain output; they were much lower for industrial crops than for foodgrains in order to stimulate the output of agricultural raw materials.

THE SERVICES SECTOR

Structural changes in the services sector, brought about by economic development, particularly industrialization, are of a complex character. Although this sector's share in the national income of the industrializing ECAFE countries has, as a whole, declined, the relative importance of some services has increased. Table 50 presents some of the relevant data, which are not sufficient for drawing precise conclusions. Nevertheless, they indicate that the general decline of the share of the services sector

in national income was mainly due to a fall in the relative importance of trade and the miscellaneous "other services" component, which chiefly consists of services of a personal character.

The share of transport and communications has been fairly stable, but has shown some tendency to decline in China (mainland and Taiwan), Pakistan and the Philippines, which perhaps confirms previous observations that transport in ECAFE countries has lagged behind industrial progress.

The share of the wholesale and retail trade sector in national income decreased slightly in China (mainland and Taiwan), Philippines, and probably also in India.¹

¹ This seems to be confirmed by the decrease in the proportion of labour force employed in this sector in India, from 5.8 per cent in 1951 to 3.7 per cent in 1956 (United Nations, *Demographic Yearbook*, 1956).

Table 50. ECAFE Industrializing Countries: Changes in the Percentage Share of the Services Sector in National Income, 1952 and 1956.

	Transport, communication	Wholesale and retail trade	Ownership of dwellings	Banking, insurance, real estate	Other services	Total
China: mainland						
1952	4.0	15.8	...	...	...	19.8
1956	4.4	15.5	...	...	...	19.9
China: Taiwan						
1952	5.8	16.1	...	1.3	8.0	31.2
1956	4.9	15.7	...	1.8	6.5	28.9
India						
1952	— 17.4 —		4.4	0.7	6.6	29.1
1956	— 16.1 —		4.2	0.9	6.4	27.6
Pakistan						
1952	2.9	9.3	5.8	0.4	8.7	27.1
1956	2.8	9.4	5.3	0.4	8.1	26.0
Philippines						
1952	3.7 ^a	12.3 ^b	—	—	19.1 ^c	35.1
1956	3.5 ^a	11.4 ^b	—	—	17.8 ^c	32.6
Hong Kong						
1954/55	5.8	17.7	6.6	7.6	12.6	50.3

Source: United Nations, *Economic Bulletin for Asia and the Far East* (Asian Economic Statistics), Vol. IX, No.2, September 1958.

^a Including utilities.

^b Banking, insurance and real estate services included under "Wholesale and retail trade".

^c Ownership of dwellings included under "Other services".

Ownership of dwellings in India and Pakistan has slightly declined in relative importance as a source of national income. The decline probably reflects the insufficiency of housing construction in both these countries, and a deterioration of the housing position. Comparable data for other countries are not available, but some indication of the relative magnitude of constructional activity can be obtained from the following figures:

	Percentage share of construction in national income	
	1952	1956
China: Mainland ^a	3.0	5.6
Taiwan	4.6	4.8
India ^b	...	1.0
Pakistan ^b	...	1.1
Philippines	3.4	3.3
Hong Kong ^c	...	3.3

Source: United Nations, *Economic Bulletin for Asia and the Far East* (Asian Economic Statistics), Vol.IX, No.2, September 1958.

^a *Peking Review*, 8 April 1958.

^b Estimate based on the distribution of man-power.

^c 1954/55.

Attention may be called to the rise in the relative importance of constructional activity in China (both mainland and Taiwan).

The share of banking, insurance and real estate services gained in importance in China: Taiwan and in India, but remained unchanged in Pakistan. The inadequacy of banking and allied financial services in ECAFE countries is well known; only comparatively small improvements have been made so far. However, the existing banking and insurance institutions have expanded their industrial portfolios:

	Percentage share of industrial loans in total bank loans		Percentage share of investment in industrial securities in total assets of insurance companies	
	1954	1957	1953	1955
India ^a	34.2	42.2	14.5	16.2
Pakistan ^b	...	...	17.2	14.4
Philippines ^c	9.5	19.9	...	...

Sources: ^a Reserve Bank of India Bulletin, October 1957; Indian Insurance Yearbook, 1954 and 1956.

^b Pakistan Insurance Yearbook, 1954 and 1956.

^c Central Bank of the Philippines, *Annual Reports*, 1956 and 1957.

Co-operative banking is developing to take care of the special needs of small-scale industries, and new types of finance corporations have been organized by the governments in most countries.¹

THE GOVERNMENT SECTOR

Among the countries examined in this chapter, a major increase in the percentage share of public administration (including defence) in national income occurred in this period only in the Philippines. However, an absolute growth in the contribution of this sector has taken place in all cases. Moreover, structural changes in the pattern of government revenue and expenditure have occurred everywhere under the impact of industrialization and general economic development. Changes which are connected with the financing of industrial growth have directly been examined. Other changes are illustrated by the statistics in table 51.

¹ See Chapter 4, section on aid to private enterprise, above.

Table 51. ECAFE Industrializing Countries: Percentage Distribution of Central Government Revenue

	Tax revenue		Taxes on income and wealth		Customs duties		Other taxes		Non-tax revenue	
	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58
China:										
Mainland ^a	55.0	50.3	...	...	...	...	...	...	45.0	49.7
Taiwan	92.4	87.0	8.2	8.3	27.1	32.5	57.1	46.2	7.6	13.0
India	71.8	66.8	22.1	18.5	32.8	19.6	16.8	28.7	28.2	33.2
Pakistan	72.8	66.8	15.4	14.7	35.1	30.3	22.3	21.8	27.2	33.2
Philippines	90.6	82.3	17.0	14.8	4.9	26.7	68.6	40.8	9.4	17.7
Hong Kong	72.2	68.5	37.3	36.2	15.2	16.8	19.7	15.5	27.8	31.5

Source: United Nations, *Economic Survey of Asia and the Far East*, 1957, p.209; *Tsai Cheng* (Finance), No.8, Peking, 5 August 1957; *Ta Kung Pao* (Peking), 12 February 1958.

* Non-tax revenue is mainly derived from profits of state enterprises (35.2 per cent in 1953 and 46.3 per cent in 1957), but also from loans etc.

The above data indicate a uniform tendency for the percentage share of taxes in total revenue to decline. The relative importance of governmental non-tax revenue rose in the majority of cases to about one-third of the total (one-half in mainland China). This change can be largely explained by the growing importance of governmental trading and entrepreneurial activities connected with industrialization policy.¹

It appears that in all cases the decline in the relative importance of tax revenue reflected a fall in the percentage share of income- and wealth-taxation in total government revenue. In India and Pakistan,

the relative importance of customs duties also diminished, but in China, Taiwan, the Philippines and Hong Kong customs duties increased their share in government revenue. With the exception of India, the relative importance of other taxes diminished in all cases and especially in the Philippines. Land taxes in India and Pakistan decreased in relative importance but in both these countries the revenue from this source was less than 1 per cent of total revenue.

Considerable changes have also taken place on the expenditure side of government accounts, as shown in table 52.

Table 52. ECAFE Industrializing Countries: Percentage Distribution of Central Government Expenditure^a

	<i>Civil^b administration</i>		<i>Defence expenditure</i>		<i>Social services^c</i>		<i>Economic services</i>							
	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58	1953/54	1957/58
China:														
Mainland ^d ..	17.7	17.8	26.4	18.0	15.7	15.5	...	...	...	...	...	...	40.2	48.7
Taiwan	13.8	14.4	63.1	80.0	0.6	2.4	0.6	0.5	1.3	2.6	...	...	1.9	3.1
India	34.0	24.5	27.9	18.3	0.6	1.8	...	...	15.1	37.6	22.4	17.8	37.5	55.4
Pakistan	24.6	21.8	42.3	31.5	1.0	1.4	...	...	12.3	27.9	19.8	17.4	32.1	45.3
Philippines	28.3	16.5	20.3	15.2	26.3	27.2	4.6	14.3	20.5	26.8	...	...	25.1	41.1
Hong Kong ..	37.4	24.2	9.1	4.6	10.8	11.2	9.9	9.3	18.1	31.4	...	8.0	28.0	48.7

Source: United Nations, *Economic Survey for Asia and the Far East, 1957*, p.211; for mainland China: *Tsai Cheng Finance*, No.8, Peking, 5 August 1957, and *Ta Kung Pao*, Peking, 12 February 1958.

^a In some cases (India, Pakistan and the Philippines) the percentages do not add up to 100 because of the exclusion of transfers to local governments.

^b Including expenditure on maintaining law and order. For mainland China including "other expenditure" which was 7.8 per cent in 1953 and 10.2 per cent in 1957.

^c In some countries expenditure on social service may be included under other headings.

^d Data refer to 1953 and 1957.

The most characteristic impact of economic development, particularly industrialization, on the pattern of government spending has been a large increase in expenditure on economic services. This has occurred in all the countries examined here. Expenditure on social services has also increased, but to a much smaller extent. Correspondingly, there has generally though not in all cases been a substantial reduction in the share of civil administration in total expenditure and a somewhat smaller reported decline in the heavy drain on government revenue for purposes of defence.

TRENDS IN INCOME AND CONSUMPTION

The ultimate aim of economic development is the raising of standards of living. The success of indus-

trialization should therefore be judged, in the main, by its effect on levels of income and consumption, and by the capacity it creates for raising those levels in the future. This last criterion is the most difficult to apply because future economic growth will be determined not only by trends in capital accumulation, expansion of output and population increase, but also by the complex psychological, social and political forces which shape human tastes and actions.

INCOME

The rate of growth of national income depends not only on human effort but also on nature and on a number of non-economic factors. Nevertheless, the following statistics indicate that, except in the case of Pakistan, higher degrees and rates of industrialization have been associated with faster rate of income growth.

¹ See Chapter 4, section on governmental entrepreneurial initiative, above. In Hong Kong, the main element was increased proceeds from the sale of Crown land.

	<i>Index number of 1956 manufac- turing and mining production (1952=100)</i>	<i>Index number of 1956 national output at con- stant prices (1952=100)</i>	<i>Average compound percentage rate of income growth (1952-1956)</i>
China:			
Mainland	205*	145	9.7
Taiwan	157	139	8.6
India	128	116	3.8
Pakistan	233	113	3.1
Philippines	159	131	7.0

Source: National data compiled by ECAFE secretariat and *Peking Review*, 8 April 1958.

* Refers to gross industrial output of mining, manufacturing and power.

The real effect of a growing total national income depends, of course, on the rate of population increase and on the distribution of income. Data relating to per capita income and population growth are given below:

	<i>Index number of per capita national income in 1956 at constant prices (1952=100)</i>	<i>Average compound percentage rates of per capita income growth (1952-1956)</i>	<i>Average compound percentage rates of population growth (1952-1956)</i>
China:			
Mainland	133	5.2	1.8
Taiwan	120	4.9*	3.6
India	111	2.3*	1.5*
Pakistan	106	1.6*	2.0*
Philippines	121	3.8*	2.7*

Source: "Population trends and related problems of economic development in the ECAFE region" by the ECAFE secretariat for publication in the *Economic Bulletin for Asia and the Far East*, June 1959, table 29. The rates of natural increase in population shown are United Nations estimates.

* 1951-1956. * 1952-1957.

In several ECAFE countries, the achievement of a more egalitarian society has been one of the purposes of economic development. In the case of mainland China, this aim is self-evident. In India, the reduction of inequalities of income and wealth and the increase of economic and social justice have been major objectives of planning. In Pakistan also, the social and economic objectives of the Government include the provision of adequate social services, the achievement of social justice and equality of opportunity, and a more equitable distribution of income and property.¹ In the Philippines, the raising of standards of living through increased production is expected to benefit particularly the low income groups.² The effects of industrialization, as a method of economic development, may thus be examined from this point of view as well. Unfortunately, reliable data relating to the distribution of national income between broad income groups are not available. According to a recent

study,³ the share received by labour tended to increase in India between 1947 and 1950. Moreover, the share of profits in national income fell by 18 per cent, while that of labour increased by 37 per cent in 1947-1950 as compared with 1939. The index of workers' real earnings increased from 125 in 1953 to 145 in 1955 (1947=100).⁴ Recent fiscal measures, such as the capital gains tax, estate duty, wealth tax and expenditure tax, have been used to promote a more equitable distribution of income and wealth.

In Pakistan, measures taken with a view to achieving a more egalitarian pattern of income distribution include progressive taxation, the expansion of social services, and a more equitable distribution of import licences and licences for setting up new industrial undertakings. The development of co-operatives is also expected to lead to greater equality.

One of the objectives of industrialization is the elimination of excessive fluctuations in income. The rise in income levels was in fact generally rather steady in the industrializing ECAFE countries in these years.

	<i>Aggregate national income index (1952=100)</i>			
	<i>1953</i>	<i>1954</i>	<i>1955</i>	<i>1956</i>
China: mainland	115	121	129	145
Taiwan	114	127	129	139
India	106	109	111	116
Pakistan	105	108	106	113
Philippines	111	115	123	131

Source: National data compiled by ECAFE secretariat, and *Peking Review*, 8 April 1958.

These time-series indicate that only in Pakistan, which has the largest agricultural share, did aggregate income decline in one year of the period under review (1955). The period was too short to permit firm conclusions to be drawn, but there is little doubt that further industrialization will spare the ECAFE countries a considerable part of the instability caused by fluctuations in agricultural production. A comparison with the parallel record of the following predominantly agricultural countries tends to substantiate this conclusion:

	<i>Aggregate national income index (1952=100)</i>			
	<i>1953</i>	<i>1954</i>	<i>1955</i>	<i>1956</i>
Cambodia	104	110	101	113
Ceylon	99	99	108	105
Indonesia	96	100	82	...
Thailand	105	100	118	...

Source: National data compiled by ECAFE secretariat.

¹ Government of Pakistan, National Planning Board, *The First Five-Year Plan, 1955-1960*.

² The National Economic Council, *The Five Year Economic and Social Development Programme, 1957-1961*.

³ Palekar, S.A.: "Real wages and profits in India, 1939-1950", *The Indian Economic Review*, Vol.III, No.4, August 1957, pp.41-45.

⁴ Government of India, Ministry of Information and Broadcasting, *India 1958*.

LEVELS OF LIVING

The effect of rising income on welfare, in the national or average sense, should be measured in terms of real consumption *per capita*. As far as food is concerned, diet at low levels of income usually consists of cereals and other starchy foods. With initial increases in income, consumption of starchy foods rises, but at a decreasing rate, while consumption of more expensive and nutritious foods such as sugar, fats, meat, dairy products, fruits and vegetables increases more rapidly. At still higher income levels the absolute quantities of cereals and other starchy foods consumed level off and begin to decline; the national average incomes and consumption levels of the countries of the ECAFE region have, however, on the whole not yet reached that stage.

Statistical data on changes in food consumption in ECAFE countries are, unfortunately, very scarce and inconclusive.

	<i>Net food supplies per capita (kilogrammes per annum)</i>			
	<i>Cereals*</i>	<i>Sugar</i>	<i>Meat</i>	<i>Fats and oils</i>
Ceylon				
1952-1953	119	17	3	4
1954-1956	125	16	3	4
India				
1951-1953	121	11	1	3
1954	129	14	1	4
Pakistan				
1951-1953	155	13	4	4
1954	149	14	4	4
Philippines				
1952	131	14	12	3
1954	130	17	10	3

Source: FAO, *Yearbook of Food and Agricultural Statistics*, 1957.

* In terms of flour and milled rice.

Increases in the consumption of cotton cloth—by far the most important item of clothing in Asian countries—have been relatively much greater than the rise in food consumption. As was pointed out above,¹ total apparent *per capita* consumption of cotton cloth in the ECAFE region increased by 84 per cent between 1950 and 1956, mainly owing to the development of local cotton textile manufacturing.

There is not enough information available to demonstrate clearly the effect of industrialization on standards of housing, but it appears that in most ECAFE countries there has been little, if any, improvement. In India, it was estimated that 2.5 million more houses were needed in 1951 to give each household a separate house. Three million houses

¹ Chapter 6 on "The Development of Selected Industries", section on cotton textiles (markets) above.

are to be constructed during the second plan period (1956/57-1960/61) but it is estimated that by 1961 the shortage will be at least twice the 1951 figure.² In Pakistan, according to the 1951 census, only 1.7 million families out of 14 million lived in well-built houses. The rest were living in huts or in temporary tenements, or had practically no shelter at all.³

Some improvement in housing has occurred in China: Taiwan where the value of construction in 1956 was more than double the 1952 level, and there was a further 10 per cent increase in 1957.⁴ But, according to the Taiwan Federation of Labour, there was still an urgent need for some 54,600 houses for workers, and 50,000 houses a year are required to meet the increase in population.⁵

In the Philippines, the value of construction in 1957 was 14 per cent over the 1952 level,⁶ but statistics show that less than one-tenth of the population are adequately housed.⁷

It thus appears that the industrializing countries of Asia have been trying hard to satisfy the basic needs for food, clothing and shelter, but that postwar industrial growth has not yet produced any significant increase in several of the most important components of material welfare.

Industrial growth makes it possible for vast numbers of people to widen their economic horizons and raise the level of their technology, general knowledge and experience. But these new opportunities are often created by a few leading personalities or groups.

The popular reaction is often apathetic—partly because industrialization is essentially a materialistic pursuit and therefore, perhaps, seemingly in conflict with Asian spiritual achievements and traditions. Some people in the ECAFE region, however, have now become convinced that their ultimate cultural and national ambitions can be much more fully achieved if they are backed by a high standard of material welfare. Japan was the first Asian nation to reach this conclusion. In other Asian countries, the new postwar political climate has stimulated the people into taking a wide interest in new forms of economic

² Ministry of Works, Housing and Supply, *Housing Situation in India*, New Delhi, 1958.

³ United Nations, *Housing Seminar in Denmark 1956*, Country monograph on Pakistan.

⁴ *Economic Bulletin for Asia and the Far East*, Vol.IX, No.2, p.34.

⁵ A resumé of the work of the National Housing Commission of the Republic of China, February 1958, p.15.

⁶ *Economic Bulletin for Asia and the Far East*, Vol.IX, No.2, p.34.

⁷ Home Financing Commission, *Second Annual Report*, Manila, 1957, p.7.

development. In India, for example, the first five-year plan evoked widespread public enthusiasm. But cultural and spiritual obstacles to material progress are still at least as important as all the purely economic problems that have been pointed out in this review. If the best and most appropriate solutions of the complex problems that are involved are to be found, the peoples of Asia will have to reconcile their material and spiritual objectives.

A NOTE ON SOCIAL DEVELOPMENT

Industrialization brings in its train social changes the impact of which may often be formidable.¹ Small agricultural communities based on a relatively simple subsistence economy are transformed into impersonalized urban communities based on a highly organized division of labour, and local communities are drawn into closer economic, social and cultural contact with the life of the nation.² At the same time, whether industrialization is taking place or not, there is also the haphazard movement of population into the cities; the tempo of this movement has increased in the period after the war.

The newly independent countries of the region generally have democratic systems of government which stress the worth of the common man and make the welfare state a goal. This emphasis has found expression in the constitutions of some countries where the responsibility of the State for health, housing, education and social security has been clearly enunciated. The main problem is how much of the available resources should be devoted to enlarging future production and how much to immediate improvements in social welfare. This question of balance in economic and social development has already received attention from the United Nations General Assembly and there are plans for studying it in detail.³

¹ In this connexion mention may be made of the UNESCO Research Centre on the Social Implications of Industrialization in Southern Asia (located in Calcutta), which helps participating countries to study the social consequences of economic change and undertakes research in this field on its own initiative also.

² Firth, Raymond: "Work and Community in A Primitive Primitive Society", H.R.H. *The Duke of Edinburgh's Study Conference*, Vol.II, pp.105-114, and Belshaw, H. "Some social aspects of economic development in under-developed countries in Asia," *Civilisations*, Vol.IV, 1954, No.4.

³ Resolution 1161 (XII) of the United Nations General Assembly. The fifth session of ECAFE's Working Party on Economic Development and Planning in 1959 will be devoted to a discussion of social and economic development. This session will be sponsored jointly by ECAFE and the United Nations Bureau of Social Affairs, with the co-operation of the specialized agencies chiefly concerned.

URBANIZATION

Most cities in the ECAFE region have grown very rapidly since World War II, mainly as a result of migration from the countryside.⁴ This migration has not by any means been caused only by industrialization. Social unrest, partition, rural population pressure and, in some cases, conditions of insecurity in rural areas are also contributory factors. Actually the recent rate of urbanization has usually been faster than the recent rate of industrialization. These developments are giving rise to a number of social problems.⁵ Most of the rural migrants are unskilled labourers who create a glut in the labour markets of the cities. Unused to the discipline of the factory, they become an unstable labour force flitting in and out of the factory between the town and the countryside. In practically all countries there is an acute shortage of housing and a substantial backlog due to the slowing down of housing construction during the war. They therefore swell the population in the over-crowded slum areas and often overflow into or create new shanty towns. Since they are uncertain of their future they leave their families behind till such time as they actually get settled in the cities. Fewer women than men, therefore, migrate into the cities, and both lead less restricted lives than in the village with its rigid traditional social structure. The combination of these and other factors gives rise to prostitution, increase in crime and other evils. The welfare services in the cities have not expanded adequately to provide the necessary facilities for this migrant population. For example, hospitals are over-crowded, and creches are unable to take in all the children requiring accommodation. The net result of all these factors is a general lowering of standards and a reduction of facilities *per capita* for the entire city population.

Measures are, however, being taken to grapple with these problems in all directions. A number of countries have taken measures designed to relieve some of the urban population pressure and its attendant evils by resettling slum dwellers or squatters in rural districts. In the Philippines and Thailand, financial and social assistance have been given to promote such schemes, but difficulties have been encountered in persuading people to move away from the cities. Only in mainland China have city dwellers been forced to do so. In Shanghai, for instance, it

⁴ See the forthcoming study "Population Trends and Related Problems of Economic Development in the ECAFE Region" to be published in June 1959 issue of *Economic Bulletin for Asia and Far East*.

⁵ UNESCO, *Urbanization in Asia and the Far East* (Proceedings of the Joint UN/UNESCO Seminar, Bangkok, August 1956), Calcutta, 1958.

has been reported that over one million people have been thus mobilized and sent away from the city since 1955; nearly 800,000 were sent back to their home villages, about 260,000 were sent to take part in national economic construction and over 30,000 were assigned to wasteland reclamation projects. In Canton 100,000 were to be likewise mobilized in 1958. Similar measures are reported from cities in Shensi Province. The programmes are administered by "the municipal authorities through special offices which organize the necessary registration and publicity, mobilize, screen and transfer the migrants, and provide food and travel expenses".¹

Measures to promote out-migration from over-crowded cities can hardly do more than afford negligible and temporary relief to population pressure. It is recognized that, at the same time as industrial development is being promoted, it is necessary to solve the social and economic problems in rural areas. Migration to the cities will continue to be large until rural standards of living improve. Social and economic problems of rural communities include under-employment, fragmented land holdings, backward agricultural techniques, lack of education, ill health and undernourishment. Some countries are developing rural industries by organizing co-operatives or by establishing "industrial estates" or satellite towns.² Such schemes have the double advantage of giving employment in rural areas and of preventing cities from being further swollen by the establishment of additional industries. In Japan, the establishment of certain industries in densely populated urban districts has been prohibited.³ In India, twenty-five industrial estates, each containing a wide range of facilities for small-scale industries, were launched in 1957. In the Federation of Malaya, a satellite town, Petaling Jaya, situated about six miles from Kuala Lumpur, now has a population of 112,500 and is reported to be developing quite successfully.

HOUSING

The housing problems created by the recent heavy influx of people into urban areas in many countries are serious. Town and country planning programmes which existed before the War and which attempted to regulate the orderly and rational development of towns and larger areas have been upset by this sudden,

¹ United Nations, *Second International Survey of Programmes of Social Development* (to be published).

² See chapter 5 on "The Growth and Structure of Industry", section on "Cottage and small-scale industry", below.

³ "Development Policies and Means of Implementation of the Economic Self-Support Five-Year Plan in Japan", presented by the Government of Japan at the Working Party on Economic Development and Planning, second meeting, 17-28 September 1956, Bangkok, Thailand.

unforeseen influx of migrants. Revised plans have, therefore, been formulated to meet the new situation. Clearance of slum-areas and rebuilding have been carried out in several cities, particularly in Singapore, Hong Kong and Bombay. In many large Asian cities improvement trusts or similar municipal authorities have been set up to promote urban development, and especially to deal with housing problems. These trusts are in the nature of public corporation; they possess, however, the power to appropriate land and then sell or lease it to private individuals who wish to build their own homes. In some countries, both city planning and housing are the functions of government departments. Loans to encourage building of houses are also given by some governments to private individuals on easy terms. In some places employers are compelled by law to provide housing for a part of their labour force. Experiments have been made in low-cost housing and "self-help housing projects".

LABOUR WELFARE SERVICES

All countries in the region have labour welfare services in one form or another; in some countries, such services can be regarded as adequate for existing industrial conditions; in others, the programmes are being progressively improved and refined. For instance, India, Pakistan and Ceylon have measures for the safety, protection and welfare of workers in factories and other industrial establishments. These laws also prohibit the employment of women, children and young persons at night and in occupations involving hazards to health or requiring excessive physical exertion. Similar legislation having the same objective exists in many other countries. Provisions for the payment of maternity benefits for women workers in industrial and commercial employment are also found in the region. Legislation also exists limiting hours of work and making provision for weekly and annual holidays and for payment of workmen's compensation for accidents in the course of employment. Progressive employers moreover provide additional welfare facilities for their labour force.

Ceylon has had for many years machinery on a tripartite basis, consisting of employers' and workers' representatives and nominated members, to fix minimum wages for various trades and occupations. Similar machinery has also been introduced in India and some other countries.

Many countries of the region have encouraged the growth of trade unions, which are playing more and more active roles. Machinery frequently exists for negotiations when industrial disputes arises, and in some cases for arbitration. Some countries which

have in the past introduced foreign labour (as, for instance, the Federation of Malaya and Ceylon) make legislative provision for protecting migrants in their transit to and from their places of work as well as for regulating their working conditions.

Programmes to improve the skills of workers are also found in many countries, and workers' education programmes are becoming more and more popular. In mainland China, for example, technical colleges and schools have been organized in affiliation not only with existing institutions but also with the factories themselves. Similarly, in India, courses and subjects have been introduced at different levels, and considerable expansion of facilities for technical education and scientific research has taken place.¹

SOCIAL SERVICES

Since the end of the war practically all countries have expanded their social service programmes to include larger groups among the community and additional services. New hospitals and maternity and child welfare centres are being built while specialist services for diseases such as tuberculosis, cancer and venereal diseases, and orthopaedic clinics, are being provided or improved. Medical facilities are being increasingly provided in factories, with regular medical examination of the workers and prompt attention in case of accident. At the same time mass campaigns are being carried out for the eradication of infectious diseases such as malaria, yaws, typhus and trachoma and for improved environmental sanitation, and the success achieved has in some cases been spectacular—with remarkable declines, for instance, in the death rate.

Similar extension and improvement in the field of education is also noticeable in all countries. New schools are being provided, particularly in the rural areas; a shift in emphasis from an academic type of education to vocational and technical training is also noticeable. Furthermore, some countries have changed the medium of instruction in schools to the national languages and vigorous programmes for translating books into these languages are being pursued.

Assistance to the needy has always been a feature of traditional Eastern society in view of the great emphasis that the religions of the region have placed on compassion and charity. Government departments responsible for social welfare have had a long existence in some cases; after the Second World War expanded activities in this field became common throughout the

region. These activities include relief for unemployed workers; assistance during times of natural calamities such as drought, floods or fire; charitable allowances to the poor or to workers and their dependents in cases where the breadwinner is unable to work owing to long periods of sickness such as tuberculosis or to old age; creches for the children of working mothers; and so on.

In some countries voluntary agencies doing social work have included such fields as general assistance to the needy, provision of creches, campaigns for the eradication of infectious diseases, after-care for prisoners and their families and for juvenile offenders, homes for the aged and orphanages. The proliferation of such services has resulted in some instances (e.g. in India and Hong Kong) in the setting up of co-ordinating councils to eliminate overlapping and bring about greater co-operation.

COMMUNITY DEVELOPMENT

Community development programmes are finding increasingly greater acceptance throughout the region. Community development has two essential elements: the participation of the people themselves in measures to improve their living conditions, with as much reliance as possible on their own initiative; and the provision of technical and other services which encourage initiative, self-help and mutual help and make these more effective.² These programmes, which began as attempts to improve living conditions in some rural areas in some countries of the region, have now developed into national programmes.³ For instance, India, Pakistan, the Philippines and Ceylon have government Ministries or Departments charged with the function of carrying out extensive community development programmes. Other countries either have programmes which can be extended into full-fledged community development programmes or are considering their introduction. The community development approach has been successful in the development of cottage industries, and many countries have plans for establishing industrial units in rural areas.

Community development has helped to improve rural living conditions. It is, however, being realized in a number of countries that such programmes can

² Report of A.C.C. to ECOSOC, document E/2931, Annex III.

³ The ECAFE secretariat and the United Nations Bureau of Social Affairs are at present conducting joint studies on the contribution of community development to national economic development in Asia and the Far East, and on various important particular aspects, including the impact on village agriculture and the contribution to the growth of industry. Three field studies have been undertaken in China: Taiwan, India and Pakistan by the United Nations in co-operation with local institutions in the countries concerned.

¹ United Nations, *Report of the World Social Situation*, New York 1957, p.76.

also be of benefit in urban areas. For instance, such programmes are being operated in some of the slum areas of Karachi, Lahore and Dacca in Pakistan, and in New Delhi in India. These have helped to improve health and sanitation, the standards of literacy and industrial efficiency. The people living in these areas are also being helped to organize themselves to provide educational, recreational and cultural facilities. Greater contentment on the part of workers means, for industry, a better labour force, less absenteeism, fewer industrial disputes, reduced operating costs, greater productivity.

While considerable effort has been devoted to the social aspects of industrialization, and a measure of progress achieved, much still remains to be done. The towns in Asia remain overcrowded with their slum and shanty dwellers, labour continues to be unhealthy and inefficient and the social services inadequate and ill equipped. But governments are increasingly aware of the magnitude and importance of these problems and are attempting, within the limits of their resources, to strike the best balance between the claims of economic and industrial development and those of social welfare.

ASIAN ECONOMIC STATISTICS

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UNITS AND SYMBOLS EMPLOYED

Unless otherwise stated "tons" relate to metric tons, and "dollars" relate to United States dollars.

The following symbols have been used throughout:

* = average of six to eleven months.

Mn = million.

† = 12 months beginning April of the year stated.

... = not available.

‡ = 12 months ending September of the year stated.

— = nil or negligible.

§ = 12 months ending June of the year stated.

r = revised figures from this issue.

I, II, III, and IV for quarters of years.

Figures in italics are provisional.

Figures in brackets are from national sources.

Substantial breaks in the homogeneity of a series are indicated either by a horizontal line across the column or by vertical double lines in a row of figures.

SOURCES

To ensure comparability, data compiled or published by the United Nations Statistical Office have been incorporated wherever feasible; material supplied by governments, publications of governments, of the United Nations specialized agencies and of international commodity study groups have been used as additional sources.

A. AREA AND POPULATION

	Area (km ²)	Latest census		Estimates of midyear population (thousand)							
		Date	Population	1937	1952	1953	1954	1955	1956	1957	1958
Afghanistan	650,000	...	...	10,972	...	...	...	...	...	...	...
British Borneo:											
Brunei	5,765	27/11/1947	40,657	35	50	56	58	63	66	73	...
North Borneo	76,112	4/6/1951	334,141 ^a	295 ^b	347	355	364	373	383	397	(410)
Sarawak	121,914	26/11/1947	546,385	440	581	592	602	614	626	640	...
Burma	677,950	1/2/1953	2,940,704 ^c	15,635	18,860	19,272	19,464	19,659	19,856	20,054	20,255
Cambodia	175,000	-/4/1958	4,740,000 ^d	3,046 ^e	...	...	...	...	(4,359)	4,600	4,740
Ceylon ^f	65,610	20/3/1953	8,097,895 ^g	5,725	8,074	8,290	8,520	8,723	8,929	9,165	...
China: Mainland	9,761,012	30/6/1953	582,603,417 ^h	446,930	568,910	581,390	594,840	608,185	621,225	...	...
Taiwan	35,961	16/9/1956	9,863,264 ⁱ	5,530	8,003	8,261	8,617	8,907	9,240	9,506	(9,851)
Federation of Malaya	131,287	17/6/1957	(6,278,763)	4,083	5,506	5,706	5,889	6,058	6,252 ^j	(6,279)	...
Hong Kong ^k	1,013	7/3/1931	840,473	1,135	2,250	2,250	2,277	2,340	2,440	2,583	(2,748)
India	3,288,876	1/3/1951	356,879,394	303,626	367,530	372,300	377,130	382,390	387,350	392,440	(397,540)
Indonesia	1,491,562	7/10/1930	60,412,962	67,398	78,300	79,500	80,500	81,500	83,200	85,100	86,900
Iran	1,630,000	1-15/11/1955	18,944,821	16,200 ^m	20,193	20,678	21,181 ^j	18,347	18,945	19,253	19,723
Japan	369,766	1/10/1955	89,275,529	70,040	85,500	86,700	88,000	89,000	90,000	90,900	91,760
Korea	220,792	1/10/1944	25,120,174 ⁿ	21,528	30,000	...	...	...	...	...	...
southern Korea ^p	96,929	1/9/1955	21,526,374	...	21,206	21,376	21,687 ^j	21,526	21,956	22,303	22,655
Laos ^q	237,000	14/2/1921	820,000	1,012 ^e	(1,400)	(1,445)	(1,505)	(1,550)	(1,600)	(1,665)	...
Nepal	140,753	28/5/1952-	8,256,625	...	...	...	...	...	...	8,787	8,910
Eastern		28/5/1954			3,765	...	...	...	...	...	...
Western . . . . .					...	4,667	...	...	...	...	...
Pakistan	944,824	28/2/1951	75,842,165	...	78,896	80,039	81,186	82,240	83,280	84,450	85,635
Philippines	299,404	28/5-3/6/1956	21,590,700 ^h	15,445	20,646	21,039	21,440	21,849	22,265	22,690	23,122
Singapore	741	17/6/1957	1,474,000	651	1,077	1,121	1,165	1,211	1,262 ^j	1,474	...
Thailand	514,000	23/5/1947	17,442,689	14,492	19,193	19,556	19,925	20,302	20,666	21,076	21,474
Viet-Nam ^t	329,600	14/2/1921	15,580,000	18,972 ^e	...	25,880	26,000	26,300	26,600	...	...
southern Viet-Nam	170,831	14/2/1921	3,800,000	...	...	...	...	9,668	12,366	12,300	...

Source: United Nations Statistical Office and governments.

GENERAL NOTE: For explanatory notes on the coverage of population for the Federation of Malaya, India, Japan, Pakistan and Singapore, see United Nations Demographic Yearbook 1957.

a. Excluding 1,442 transient and 66 men of British armed forces.

b. Excluding population of Labuan acquired from Straits Settlement in 1946 (population 7,507 at 1 April, 1951 census).

c. De jure population in 252 towns approximating the urban area of the Union; these are the results of the first stage of a multi-stage sample census.

d. Based on result of a rural sample survey of education which covered every third village in the country.

e. 31 December estimate.

f. Population excluding non-resident military and shipping personnel, numbering 36,606 at 1946 census.

g. Population actually enumerated; total, both sexes, including 0.7% adjustment for under-enumeration, is 8,154,580.

h. Excluding the overseas Chinese students abroad. Source: Communiqué of the State Statistical Bureau of China on the Development of National Economy and the Results of the Implementation of the State Plan for 1954.

i. Including Quemoy and Matsu-Islands.

j. Estimates for this and previous years not yet revised to accord with latest census.

k. Civilian population.

m. 21 March estimate (United Nations Statistics Bulletin, June 1957).

n. De jure population.

p. Excluding alien armed forces, civilian aliens employed by armed forces and foreign diplomatic personnel. 1955, 1 September estimate, other years year-end estimates.

q. 1952-1957 figures are from national source, all revised upward from previous estimates because of the following reasons: (1) restitution to the Kingdom of the two communist-controlled provinces of Phongsaly and Samneua; (2) immigration of 200,000 people from Thailand; (3) presence of teen-agers not comprised in previous census estimates, those teen-agers being estimated at 50% of the total population of Laos.

s. Non-institutional population only.

t. Comprising former Annam, Cochinchina and Tonkin.

B. CRUDE RATES OF LIVE BIRTHS AND DEATHS PER ANNUM
Number of Live Births or Deaths per 1,000 Persons

	British Borneo			Burma	Ceylon	China (Tai- wan) ^a	Fed. of Malaya ^b	Hong Kong	India ^c	Iran	Japan ^d	Philip- pines	Singa- pore ^e	Thailand
	Brunei	North Borneo	Sarawak											
(1) Live births														
1935-1939 . . . . .	...	...	...	32.1 ^f	35.6	44.7	40.2	...	33.8	...	29.2	33.6	46.0	34.9
1940-1944 . . . . .	...	...	...	...	37.3	45.8 ^g	40.7 ^g	...	29.1	...	30.1	32.5 ^g	44.8 ^g	35.2
1945-1949	45.2 ^g	19.0 ^g	14.0 ^g	...	39.0	41.1 ^g	40.5 ^g	...	27.0	27.3 ^g	29.9	30.5 ^g	46.4 ^g	25.1
1950	50.7	26.6	22.2	...	40.4	43.3	42.0	26.8	24.9	27.9	28.2	21.9	45.7	28.4
1955	57.3	31.6	22.9	37.1 ^h	37.3 ^h	45.3	43.0	38.7	27.0	36.8	19.4	(34.1)	47.6 ^r	34.2
1956	61.9	32.5	25.2	35.9 ^h	36.4	44.8	45.5	39.7	27.4	29.8	18.5	24.4	48.0 ^r	...
1957	45.5	37.3	24.0	(36.0) ^h	36.5	41.5	46.2	37.9	24.2	37.8	17.2	...	42.9	...
June . . . . .	...	(34.9)	...	...	...	38.0	...	36.4	21.7	20.4	15.9	...	...	...
(2) Deaths														
1935-1939 . . . . .	...	...	...	22.0 ^f	24.5	20.2	20.8	...	22.6	...	17.4	16.7	22.1	16.4
1940-1944 . . . . .	...	...	...	...	20.1	18.3 ^g	20.1 ^g	...	22.6	13.3 ^g	16.3	16.8 ^g	20.8 ^g	17.3
1945-1949	19.7 ^g	13.3 ^g	5.9 ^g	...	16.3	13.7 ^g	17.5 ^g	...	18.6	8.2	16.7 ^r	13.1 ^g	12.5 ^g	13.3
1950	18.1	11.9	11.2	...	12.4 ^g	11.5	15.8	8.2	16.1	7.9	10.9	8.2	12.1	10.0
1955	14.0	11.0	7.1	21.1 ^h	10.8 ^g	8.6	11.5	8.2	11.7	8.7	7.8	9.9 ^r	8.7	9.2
1956	13.7	10.2	6.6	21.8 ^h	9.8	8.0	11.3	7.9	11.6	6.8	8.0	9.2	8.1	...
1957	15.6	9.4	6.6	(21.4) ^h	10.1	8.5	12.4	7.5	11.8	8.3	8.3	7.3	...	...
June . . . . .	...	(8.0)	...	...	7.2	...	7.8	11.2	3.0	6.4	...	...	...	...

Source: United Nations Statistical Office, except figures in brackets which are from national sources and may not be comparable with other figures.

a. Excluding armed forces and beginning 1949 excluding foreigners. Births excluding births among tribal aborigines but rates are computed on population including them; births also excluding live-born infants dying before registration of births, deaths excluding deaths of infants dying before registration of birth.

b. Prior to 1941, territory of former British Malaya, i.e. including Singapore.

c. Data for part "A" states and for Coorg and Delhi of part "C" states (registration area). Prior to 1947, registration area of former British provinces, representing approximately 75% of former India, not including Burma.

d. Japanese nationals in Japan only. Beginning 1952 including Tokara Archipelago and beginning 1954 including Amami Islands, acquired

from Ryukyu Islands on 5 December 1951 and December 1953 respectively.

e. Live-births, prior to 1952, including Cocos (Keeling) Island which became an external territory of Australia on 23 November 1956; beginning 1953 excluding births on Christmas Island, but rates computed on total population. Deaths, 1930-1946, excluding Christmas Island, 1947-1951, including Cocos (Keeling) Islands.

f. Registration area only, representing 82.5% of total population at 1931 census.

g. Average of less than 5 years.

h. Data for certain towns only, numbering 61 in 1955, 74 in 1956, 68 in 1957 having a population of approximately 2 million.

i. Data for registration area only, comprising about 90% of total population.

C. INDEX NUMBERS OF AGRICULTURAL PRODUCTION
1934-38=100

SPECIAL TABLES

	All Commodities	Food	Cereals	Per caput food production	Per caput cereal production		All Commodities	Food	Cereals	Per caput food production	Per caput cereal production
TOTAL WORLD (excl. China USSR and Eastern Europe)						INDIA (1936-38=100)					
1954/55	131	132	122	103	95	1954/55	118	120	118	95	94
1955/56	135	135	127	105	98	1955/56	120	122	122	96	96
1956/57	138	140	131	106	99	1956/57	123	124	125	96	97
1957/58	137	138	127	104	95	1957/58	121	122	119	93	91
AR EAST (incl. China)						INDONESIA					
1954/55	109	109	106	86	84	1954/55	124	115	117	94	96
1955/56	112	111	111	86	86	1955/56	120	112	108	90	87
1956/57	115	114	115	88	88	1956/57	120	114	110	90	87
1957/58	114	114	113	86	85	1957/58	122	115	110	89	86
AR EAST (excl. China)						JAPAN					
1954/55	117	117	113	91	88	1954/55	110	117	105	92	83
1955/56	121	121	117	93	90	1955/56	130	139	131	108	102
1956/57	124	124	122	94	92	1956/57	128	135	114	104	88
1957/58	122	122	116	91	87	1957/58	134	143	121	109	92
URMA						KOREA, southern (1930, 1934+1936=100)					
1954/55	90	88	83	71	67	1954/55	111	110	109	75	74
1955/56	90	89	84	71	67	1955/56	113	113	107	77	72
1956/57	96	96	92	75	72	1956/57	103	102	94	68	63
1957/58	56	84	75	65	58	1957/58	116	117	106	76	69
LYON						PAKISTAN (1936-38=100)					
1954/55	153	154	191	101	126	1954/55	112	120	115	96	92
1955/56	160	163	216	104	139	1955/56	108	112	100	88	79
1956/57	155	154	163	97	103	1956/57	115	121	118	95	92
1957/58	161	161	191	98	117	1957/58	114	119	115	92	88
HINÄ (Taiwan)						PHILIPPINES					
1954/55	126	124	130	77	81	1954/55	138	148	151	104	107
1955/56	127	124	124	75	75	1955/56	143	152	158	105	109
1956/57	136	133	138	77	80	1956/57	155	162	161	110	109
1957/58	145	140	142	79	80	1957/58	156	165	154	110	103
ED. OF MALAYA						THAILAND					
1954/55	133	114	129	76	86	1954/55	153	136	132	97	94
1955/56	142	116	132	75	85	1955/56	179	162	169	113	118
1956/57	143	126	153	80	97	1956/57	193	174	192	119	132
1957/58	144	124	155	78	97	1957/58	164	142	134	96	90

Source: FAO.

GENERAL NOTE: Food crops comprise the following: Cereals, sugar, root crops, pulses, oilseeds, fruits, vegetables, beverage crops, and livestock and dairy products. Cereals including: rice, wheat, maize, millet, sorghum, barley, oats, and rye. Commodities other than food including: tobacco, fibres, linseed and rubber.

D. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES

	AREA (1,000 hectares)						PRODUCTION (1,000 tons)					
	1934-38	1948-52	1955	1956	1957	1958	1934-38	1948-52	1955	1956	1957	1958
WHEAT												
Afghanistan	21,237	23,234	26,739	27,600	27,570	... . .	22,763	15,915	22,965	24,800	23,650	...
China: Mainland	1	14	13	18	20	...	1	13	19	27	36	...
Taiwan	10,802	9,290	11,259	12,367	13,589	12,002	7,411	6,087	9,043	8,760	9,463	7,777
India	1,552	2,080	2,900	2,900	2,900	...	1,869	1,860	2,313	2,700	2,800	2,700
Iran	684	743	661	657	615	595	1,288	1,375	1,468	1,375	1,330	1,281
Japan	332	257	...	...	...	...	239	196	...	...	...	...
Korea	135	(95)	121	123	140	...	100	(92)	122	133	133	...
Korea, southern	3,766	4,217	4,303	4,561	4,724	4,761	3,183	3,682	3,215	3,390	3,642	3,715
BARLEY												
Afghanistan	6,882	...	...	...	...	...	7,971	...	...	...	...	...
China: Mainland	2,669	3,128	3,414	3,418	3,531	3,048	2,258	2,384	2,980	2,815	2,872	2,210
India	638	757	...	1,000	...	...	793	767	880	1,000	980	950
Iran	764	982	992	978	928	910	1,758	2,020	2,408	2,340	2,160	2,067
Korea	1,014	779	...	...	...	...	952	794	...	...	...	...
Korea, southern	867	(624)	753	790	815	...	882	(594)	795	837	720	...
Pakistan	197	223	217	228	222	253	153	150	125	146	134	175
MAIZE												
Afghanistan . . . . .	...	...	...	...	...	...	...	...	...	...	...	...
Cambodia	63	140	130	140	...	...	80	160	140	140	...	...
China: Mainland	6,041	...	...	...	...	...	8,504	...	...	...	...	...
Taiwan	2	5	8	8	8	...	2	7	9	11	9	...
India	2,970	3,349	3,696	3,722	3,950	3,798	2,210	2,165	2,602	3,057	3,113	...
Indonesia	2,046 ^c	2,020	2,042	2,232	2,097	2,200	1,978 ^c	1,536	1,971	1,965	1,800	2,032
Japan	51 ^d	40	50	50	48	51	68 ^d	57	100	83	97	100
Pakistan	329	393	433	429	439	430	384	384	461	461	454	436
Philippines	695	969	1,675	1,787	1,716	1,825	427	698	907	895	856	961
Thailand	8	34	55	82	95	98	5	31	67	115	137	137
SUGAR-CANE												
Burma ^Δ	21	21	23	23	23	...	1,118	1,076	1,118	1,250	1,250	...
China: Mainland ^Δ . . . . .	...	183	204	200	200	...	7,360	7,115	8,110	8,655	10,201	...
Taiwan	116	107 ^Δ	92 ^Δ	99 ^Δ	100 ^Δ	...	5,155	5,155	5,962	7,083	...	...
India ^Δ	1,326	1,672	1,847	2,046	2,032	...	67,500	53,885	60,543	68,073	64,980	...
Indonesia	68 ^e	67	98	98	100	...	8,418 ^e	8,266	11,000	10,400	11,000	...
Japan ^Δ	6	4	2	7	7	...	190	95	62	235	224	...
Pakistan	211	304 ^Δ	391 ^Δ	414 ^Δ	499 ^Δ	...	...	10,116	12,235	12,691	14,748	...
Philippines ^Δ	235	171	271	235	231	...	8,228	7,700	13,044	9,537	10,000	...
Thailand ^Δ	10	58 ^Δ	103 ^Δ	121 ^Δ	128 ^Δ	...	261	990	2,699	3,830	4,147	...
Viet-Nam ^Δ	37 ^b	20	20	18	31	...	931 ^b	300	518	484	870	...
POTATOES												
China: Mainland	310	...	...	...	...	...	3,291	...	...	...	...	...
Taiwan	—	—	1	1	—	...	2	—	3	3	3	...
India	182	237	280	284	318	...	1,833	1,647	1,859	1,701	2,013	...
Japan	151	209	211	208	210	207	1,622	2,451	2,908	2,749	3,396	3,402
Korea, southern	113 ^e	42	48	48	57	...	652 ^e	227	355	272	349	...
Pakistan	—	50	—	—	—	...	—	—	—	—	—	...
MILLET AND SORGHUM												
Burma (millet)	208	198	176	182	155	...	56	50	50	50	50	...
Ceylon (millet)	39	46	41	33	...	...	17	21	14	13	...	...
China: Mainland	17,628	...	...	...	...	...	22,229	...	...	...	...	...
Taiwan	9	9	10	10	10	...	6	6	8	9	9	...
India	27,705	32,499	36,343	34,929	35,102	...	13,484	12,045	14,069	14,034	15,338	...
Japan	129 ^f	117	85	78	71	...	159 ^f	133	117	100	95	...
Korea	956	...	...	...	...	...	670	...	...	...	...	...
Korea, southern	210	176	167	165	160	...	133	92	102	90	88	...
Pakistan	1,215	1,421	1,429	1,478	1,129	...	504	561	599	622	462	...
SWEET POTATOES AND YAMS												
Cambodia	2	1	—	—	—	...	18	25	—	—	—	...
Ceylon	—	15	16	12	12	...	—	36	55	47	27	...
China: Mainland	2,345	...	...	...	...	...	18,525	...	...	...	...	...
Taiwan	126	232	246	230	229	...	1,279	2,100	2,437	2,568	2,693	...
Fed. of Malaya	—	19	—	—	—	...	—	198	—	—	—	...
Hong Kong	—	4	—	—	—	...	—	17	—	—	—	...
India	—	150	196	156	152	...	—	901	1,621	1,100	1,146	...
Indonesia	206	265	279	384	395	...	1,459	1,750	1,899	2,638	2,631	...
Japan	248	402	376	386	364	...	3,060	6,074	7,180	7,073	6,227	6,179
Korea	21	—	—	67	—	...	161	—	—	—	—	...
Korea, southern	—	42	43	46	46	...	—	271	416	364	351	...
Philippines	84	113	182	189	190	...	—	202	465	808	828	812
Viet-Nam	105 ^k	—	—	—	—	...	228 ^k	—	—	—	—	...
SOYBEANS												
China: Mainland	8,655	8,994	11,442	12,100	12,500	...	9,944	7,922	9,121	10,234	10,000	...
Taiwan	7	22	36	38	41	40	4	13	24	26	33	34
Indonesia	331 ^g	381	515	502	503	...	236 ^g	270	346	357	327	...
Japan	326	348	385	383	364	346	321	376	507	455	459	437
Korea	785	—	—	—	—	—	546	—	—	—	—	—
Korea, southern	393	244	269	270	277	...	280	138	149	153	153	...
Thailand	3	17	21	24	25	25	4	14	20	22	27	27

D. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES (Cont'd.)

7	1958		AREA (1,000 hectares)						PRODUCTION (1,000 tons)					
			1934-38	1948-52	1955	1956	1957	1958	1934-38	1948-52	1955	1956	1957	1958
		GROUNDNUTS (in shell)												
0	...	Burma	306	277	323	329	349	...	176	154	208	198	235	...
0	...	China: Mainland	1,523	1,528	2,268	2,590	2,355	...	2,739	2,057	2,926	3,336	2,630	...
6	...	Taiwan	30	80	96	98	104	...	50	57	67	82	94	...
3	7,777	India	3,246	4,379	5,133	5,443	5,850	5,293	3,196	3,196	3,862	4,267	4,339	...
0	2,700	Indonesia	237 ^b	285	298	317	337	...	263 ^b	280	339	364	380	...
0	1,281	Japan ^c	8	16	26	32	40	...	12	21	47	50	72	...
3	...	Philippines	7	27	29	29	31	...	4	19	18	18	19	...
2	3,715	Thailand	...	63	78	81	95	96	...	60	94	101	118	119
2	...	Viet-Nam	12	5	20	17	24	...	14	3	20	13	16	...
		COTTONSEED												
2	...	Afghanistan	75	21	68	79	81	...	20	14	25	33	39	...
2	2,210	Burma	198	108	162	152	121	...	39	28	35	33	24	...
0	950	China: Mainland	2,970	4,403	5,771	6,250	5,745	...	1,520	1,730	3,030	2,890	3,280	...
50	2,067	Taiwan	...	1	3	5	5	...	...	1	4	2	8	...
0	...	India	8,486	5,658	8,086	8,050	8,158	...	1,474	968	1,422	1,684	1,691	...
20	...	Iran	163	133	230	210	223	...	69	53	120	125	130	...
34	175	Korea, southern	216 ^e	129	112	115	77	...	73 ^e	42	38	32	17	...
175	Pakistan	1,495	1,248	1,431	1,453	1,442	1,350	578	480	618	618	592	569	
2	...	Thailand	6	34	32	39	41	...	3	14	17	21	24	...
		COPRA												
40	...	British Borneo:												
9	...	North Borneo	...	...	...	...	...	...	13	20	26	30	30	(30)
13	...	Sarawak	...	...	...	...	...	...	3 ^f	3 ^f	...	...	...	...
00	2,032	Ceylon	...	...	...	...	...	...	215	234	293	263	...	...
97	100	Federation of Malaya	...	...	...	...	...	...	188	141	146	157	132	126
54	436	India	...	...	...	...	...	...	160	202	237	233	...	...
56	961	Indonesia ^m	...	...	...	...	...	...	715 ^k	714	751	752	727	620
37	137	Philippines ^m	...	...	...	...	...	...	583	875	1,095	1,318	1,329	1,093
50	...	Thailand	...	...	...	...	...	...	...	16	...	...	...	...
3	...	Viet-Nam	...	...	...	...	...	...	28	16	20	18	26	...
		TOBACCO												
01	...	Burma	40	48	54	56	55	...	45	45	39	49	49	...
0	...	China: Mainland	597	186	...	...	...	...	664	220	299	399	390	...
80	...	Taiwan	1	7	6	8	10	...	2	10	13	17	21	...
00	...	Indonesia ^p	365	331	346	410	416	375	343	247	255	303	299	...
24	...	Estates	27 ^c	13	11	11	11	11	44	7	7	(7)	68	65 ^a
48	...	Farms	149	123	122	156	156	169 ^q	67	(65)	43	50	68	65 ^a
00	...	Japan	35	52	75	76	73	68	64	90	150	153	145	134
47	...	Korea, southern	12	17	20	20	21	22	13	21	26	26	30	...
70	...	Pakistan ^p	142	69	99	78	74	74	151	70	110	91	87	85
...	...	Philippines	67	37	75	81	79	...	35	22	38	51	48	...
3	...	Thailand	10	33	56	56	61	60	9	27	56	58	66	65
13	...	Viet-Nam	10 ^b	...	14	8	9	9	8 ^b	...	7	7	7	...
		TEA												
96	3,402	Ceylon ^d	226	228	229	231	231	...	104	140	172	170	180	184
49	...	China: Mainland	...	...	...	...	...	...	...	63	108	120	114	...
...	...	Taiwan ⁿ	42	35	43	43	44	44	12	9	14	12	14	14
50	...	India ^d	309	314	320	321	321	321	178	280	308	309	306	...
13	...	Indonesia	198 ⁿ	144 ^d	145 ^d	138 ^d	141	...	75	60	60	61	67	...
9	...	Japan ^d	39	28	38	42	45	47	49	40	73	71	72	...
338	...	Pakistan ^d	44	30	30	31	31	31	26	23	24	24	20	23
95	...	Viet-Nam	6 ^b	4	8	9	9	9	10 ^b	4	3	4	4	...
		COTTON (lint)												
...	...	Afghanistan	75	21	68	79	81	...	10	7	12	16	20	...
...	...	Burma	198	108	162	152	121	...	21	15	18	17	12	...
...	...	China: Mainland	2,970	4,403	5,771	6,250	5,745	...	680	888	1,578	1,445	1,640	...
...	...	India	8,486	5,658	8,086	8,050	8,158	...	737	485	711	842	845	...
...	...	Iran	163	133	230	210	223	...	35	26	60	62	65	...
...	...	Korea, southern	...	129	112	115	77	...	22	21	17	9	...	...
27	...	Pakistan	1,495	1,248	1,431	1,453	1,442	1,350	289	245	309	309	296	285
...	...	Thailand	6	34	32	39	41	...	2	7	8	11	12	...
		JUTE												
693	...	India	349	581	704	772	705	739	345	642	762	778	735	939
...	...	Pakistan	856	715	661	(498)	633	618	1,154	1,015	1,015	1,000	1,125	1,089
		HEMP FIBRE												
146	...	India ^e	...	283	244	247	...	...	100	145	123	127	...	...
631	...	Philippines (Abaca) ^e	292	285	217	232	220	...	183	105	118	137	130	...
227	6,179													

Source: FAO, except those in brackets which are from national sources.

GENERAL NOTE: (1) Area relates generally to area harvested except those with the symbol Δ which relate to planted area. (2) Averages for 1934-38 and 1948-52 do not in all cases cover the precise periods indicated. (3) For further details see the notes in the Yearbook of Food and Agricultural Statistics 1957.

a. Excluding Putao, Chin Hills, Shan States and Karenhill.

b. For Tonkin, Annam and Cochin-China.

c. Djawa and Madura only.

d. Including dry equivalent of maize harvested green.

e. Whole Korea.

f. Millet only.

g. For Annam and Tonkin only.

h. Djawa, Madura, Bali and Lombok.

i. Dried in shell.

j. Exports of copra and coconut oil in copra equivalent.

k. Copra fund purchases and unrecorded exports to Malaya, excluding unrecorded exports to the Philippines.

m. Production of 12 months ending 30 June of year stated.

n. Mature area or area of plucking.

p. Calendar year.

q. Crop year ending in the year stated.

s. Sun hemp, area is for fibre, green manure and fodder.

t. Area refers to crop year beginning in the year stated. Production refers to calendar year and represents bales, plus an allowance of 10 per cent for unbaled fiber.

SPECIAL TABLES

E. RAILWAYS: LENGTH AND ROLLING STOCK

	1938	1948	1953	1954	1955	1956	1957	1958	1938	1948	1953	1954	1955	1956	1957	1958	
	<i>Length of railways (km)</i>									<i>Number of locomotives</i>							
Burma ^a	3,314	2,911	2,654	2,665	2,787	2,885	2,921	2,969	369	274	312	312	312	312	312	312	
Cambodia	339	...	...	...	385	...	...	...	...	...	...	...	...	...	...	...
Ceylon ^{bc}	1,530	1,438	1,444	1,445	1,446	1,446	1,446	...	249	239	253	256	270	273	276	...	
China:																	
Mainland	...	...	24,690	25,447	26,931	29,071	...	...	...	...	...	...	...	...	...	...
Taiwan	882	917	951	950	950	950	950	958	205	253	257	252	252	252	250	250	
Fed. of Malaya	...	1,730	1,962	2,090	2,092	2,092	2,092	2,092	...	201	189	191	193	196	200	199	
Hong Kong ^{de}	36	36	36	36	36	36	36	36	17	19	16	16	16	18	16	12	
India ^f	59,126 ^g	49,035	49,500	49,746	50,205	50,316	50,785	51,060	8,488 ^g	8,194	8,587	8,627	8,803	9,288	9,718	10,132	
Indonesia	7,332	3,617	6,640	6,640	6,640	6,640	6,640	...	1,279	594 ^h	1,045	1,063	1,065	1,064	...	...
Iran	...	...	...	...	...	2,567	...	...	...	...	...	237	...	...	...	...
Japan ⁱ	17,934	19,752	19,903	20,008	20,046	20,093	20,186	20,285	4,245	6,283	5,468	5,486	5,474	5,425	5,387	5,456	
Korea, southern ^d	...	2,558	2,805	2,768	2,846 ^j	2,910 ^j	2,938 ^j	2,949	...	656	629	578	527 ^j	528 ^j	546 ^j	542	
North Borneo	209	...	187	187	187	187	187	187	...	11	14	14	16	19	16	20	
Pakistan ^k	...	11,162	11,264	11,332	11,336	11,335	11,333	11,333	...	1,286	1,313	1,286	1,317	1,252	1,270	...	
Philippines ^m	...	866	942	942	962	964	964	...	...	82	95	94	94	125	133	...
Thailand	3,100	3,213	3,333	3,333	3,377	3,469	3,471	3,494	200	339	431	372	387	380	380	380	
Viet-Nam, southern ⁿ	2,569	968	1,048	935	1,127	1,202	1,265	...	...	...	114	...	...	...	...	...
	<i>Number of passenger cars</i>									<i>Number of freight cars</i>							
Burma ^a	1,167	479	708	753	742	733	819	911	9,690	6,912	5,830	7,101	7,511	7,475	8,680	9,340	
Cambodia	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Ceylon ^{bc}	1,324	1,276	1,731	1,731	1,769	2,176	2,164	...	2,286	2,764	3,092	3,315	3,370	3,352	3,367	...	
China:																	
Mainland	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Taiwan	498	456	568	569	571	578	639	640	4,654	5,703	5,453	5,483	5,530	5,368	5,340	5,684	
Fed. of Malaya	...	289	298	320	327	337	353	370	...	4,967	5,122	5,231	5,194	5,441	5,500	5,606	
Hong Kong ^{de}	44	35	36	36	48	55	51	51	...	90	243	234	227	227	215	210	
India ^f	26,338 ^g	20,979	22,177	22,793	23,335	23,880	24,604	25,242	221,509 ^g	214,320	224,938	229,724	234,187	243,192	269,878	290,275	
Indonesia	3,600	2,021	2,813	3,024	3,038	3,033	...	...	27,236	16,690	23,282	23,925	23,311	23,169	...	...
Iran	...	...	...	124	...	...	...	...	...	...	...	3,383	...	...	...	...
Japan ⁱ	11,533	14,070	14,335	14,358	14,683	14,972	15,312	16,388	75,292	107,716	106,626	106,732	106,703	106,223	107,157	111,986	
Korea, southern ^d	...	1,321	665	766	974 ^j	1,144 ^j	1,158 ^j	1,138	...	9,318	11,117	10,777	11,934 ^j	11,522 ^j	10,593 ^j	10,426	
North Borneo	...	22	32	23	36	41	40	43	...	80	169	166	141	175	170	139	
Pakistan ^k	...	2,987	2,883	2,651	2,681	2,735	2,777	...	...	34,702	38,469	39,530	41,329	40,038	40,221	...
Philippines ^m	...	218	367	351	344	333	333	...	...	1,902	1,850	1,811	1,829	1,835	1,872	...
Thailand	322	453	616	622	660	658	777	816	3,833	5,346	6,401	6,201	6,212	6,596	6,912	6,950	
Viet-Nam, southern ⁿ	...	...	...	...	...	...	...	...	...	...	...	...	...	114	...	...

Note: The figures show stock under the control of the railways of the country i.e., the stock of the railways plus that hired from, less that leased to, other. Stock on short term loan to or from other countries is not considered to be leased or hired. The railways to which the figures refer are those open to public traffic excluding urban and suburban tramways, cable and funicular railways. Privately-owned stock registered in the railway administration is considered to be under the control of the railway in question. The time of year to which the stock refers is the end of the working year in most cases.

Locomotives: All vehicles with engines or motor and motive power or with motors (electric locomotives) only designed exclusively for transporting themselves and hauling other vehicles. Excludes railcars.

Passenger stock: All passenger carrying cars including railcars, baggage cars and railway-owned postal vans.

Wagons (freight cars): All goods-carrying cars excluding baggage vans and cars used exclusively for service traffic.

a. End of September.

b. Broad gauge and narrow gauge.

c. For passenger cars and freight cars, figures are in units of four wheels.

d. Figures show the position as on 31st March in each stated year.

e. For number of freight cars: 1948 through 1953 includes 6 goods wagons converted to temporary 3rd class passenger cars. 1954 includes 5 goods wagons converted to temporary 3rd class passenger cars and 3 goods wagons converted to mail wagon. 1955 through 1957 includes 5 goods wagons converted to temporary 3rd class passenger wagons, 3 goods wagons converted to mail wagons, and 4 goods wagons converted to Army ration wagons. 1958 includes 3 goods wagons converted to temporary 3rd class passenger cars, 3 goods wagons converted to mail wagons and 4 goods converted to Army ration wagons.

f. Broad gauge and metre gauge.

g. Including territory now under Pakistan.

h. Excluding locomotives under repair.

i. Government Railways only.

j. As of the end of year.

k. Number on rail of locomotives, passenger cars and freight cars.

l. Manila Railroad Company.

m. Prior to 1954, including northern Viet-Nam.

Unit: in thousands

F. ROADS: MOTOR VEHICLES IN USE

		1938	1948	1953	1954	1955	1956	1957	1958
<i>Number of passenger cars</i>									
312	British Borneo								
3	Brunei	...	0.05	0.58	1.08	1.04	1.05	1.44	...
3	North Borneo	...	0.16	1.00	1.24	1.39	2.05	2.36	...
3	Sarawak	0.19	0.16	0.71	0.85	1.13	1.46	1.69	...
3	Burma ^a	6.9	10.9	12.4	12.9	15.2	15.5	17.5	...
250	Cambodia	2.4	0.9	2.8	3.1	3.9	5.2	5.7	...
199	Ceylon	21.0	27.6	49.8	51.8	55.2	59.1	63.6	65.9
12	China (Taiwan)	...	1.6	3.3	3.9	4.8	5.6	5.9	6.5
10,132	Federation of Malaya	20.5 ^b	19.8	50.4	52.5	57.0	65.8	72.9	76.5
...	Hong Kong	...	6.4	13.0	15.1	17.4	20.2	23.2	24.6
...	India	88.1 ^c	119.9	168.4	173.9	186.0	203.2	...	...
5,456	Indonesia	53.1	17.6	59.6	61.1	63.6	73.2	...	...
542	Iran	...	...	22.4	24.3	28.6	...	39.5	...
20	Japan	59.3	30.3	114.7	138.5	153.3	181.1	218.5	339.3
...	Korea, southern	...	3.0	3.7	5.0	6.6	8.4	9.7	10.1
...	Laos	0.3	0.20	0.44	0.51	0.72	1.68	2.97	3.93
380	Pakistan	...	21.9	34.1	30.0	27.0	30.2	31.8	...
...	Philippines	30.4 ^d	34.6	50.9	54.1	58.3	65.8	70.6	...
...	Singapore	10.2	12.7	33.2	36.2	42.0	47.2	51.4	55.7
...	Thailand	5.1	6.3	22.7	20.5	24.8	27.9	31.2	...
0	Viet-Nam, southern ^e	13.9	12.0	17.0	22.1	31.2	32.5	29.9	...
9,340									
<i>Number of commercial vehicles</i>									
7	British Borneo								
...	Brunei	...	0.18	0.91	0.80	0.86	1.80	2.10	...
0	North Borneo	...	0.37	0.71	0.72	0.81	0.90	1.04	...
0	Sarawak	0.11	0.18	0.67	0.63	0.68	0.78	0.84	...
5	Burma ^a	14.0	22.0	9.8	11.4	15.4	19.3	17.6	...
210	Cambodia	0.8	1.2	3.6	3.9	4.1	4.5	4.7	...
290,275	Ceylon	6.9	12.5	19.0	19.6	20.7	22.4	24.2	26.3
...	China (Taiwan)	...	3.4	6.3	6.7	7.1	7.3	7.8	8.3
111,986	Federation of Malaya	6.5 ^b	15.1	20.5	20.0	21.3	23.6	25.5	26.6
10,426	Hong Kong	...	2.2	3.2	3.3	3.7	4.1	5.1	6.0
139	India	36.4 ^c	86.1	136.6	148.9	157.1	181.4	...	...
...	Indonesia	16.9	18.7	51.2	52.7	55.2	62.9	...	...
...	Iran	...	...	20.5	21.2	24.1	...	25.8	...
6,950	Japan	91.9	131.2	244.6	271.2	286.6	335.7	419.5	463.1
...	Korea, southern	...	10.0	9.0	10.0	11.1	16.1	17.5	17.3
...	Laos	0.15	0.14	0.61	0.86	1.03	1.34	1.68	2.00
...	Pakistan	...	14.0	21.4	21.5	20.2	20.7	21.0	...
...	Philippines	18.3 ^d	49.5	56.1	59.5	62.6	65.7	73.2	...
...	Singapore	3.0	7.1	10.1	10.3	10.9	11.8	12.6	13.4
...	Thailand	5.1	...	24.8	26.1	27.8	28.7	32.5	...
...	Viet-Nam, southern ^e	3.3	6.1	10.9	11.7	11.6	15.5	13.1	...

Note: In General: Excluding trams, trolley-buses, ambulances, hearses, military vehicles, vehicles operated by police or other governmental security organizations and special purpose vehicles.

Passenger cars: Including motor cars seating less than eight persons, taxis, jeeps and station wagons; excluding motor-cycles.

Commercial vehicles: Including lorries (trucks), buses, tractor and semi-trailer combinations; excluding trailer and farm tractors.

a. End of September.

b. 1940.

c. 1939; British India, excluding Indian States.

d. 1937.

e. Prior to 1954 including northern Viet-Nam.

SPECIAL TABLES

G. BALANCE OF PAYMENTS

	1955	1956	1957	First half			1955	1956	1957	First half	
				1957	1958					1957	1958
BURMA (million kyats)						INDIA (million rupees)					
Goods and services . . .	21	13	-536	-200	-33	Goods and services . . .	-465	3,205	4,685	2,142	2,398
Exports, f.o.b. . . .	1,116	1,091	1,154	637	472 ^b	Exports, f.o.b. . . .	6,525	6,301	6,963	3,818	2,767
Imports, c.i.f. . . .	-931	-930	1,555	-780	-444	Imports, c.i.f. . . .	7,458	10,102	12,276	6,349	5,411
Transportation and insurance	-5	-6	-4	-5	-	Transportation and insurance	284	318	331	183	163
Government, n.i.e. . . .	-137	-115	-108	-41	-51	Investment income	-40	115	-32	12	-30
Other	-22	-26	-22	-12	-10	Government, n.i.e. . . .	119	50	185	94	63
Private donations	-25	-23	-25	-12	-9	Other	105	113	144	100	50
Private capital	21	10	3	-	4	Private donations	520	569	539	283	188
Official donations	-	32	181	74	69	Private capital	-111	89	-6	98	-113
Official and bank capital	-13	-5	400	162	-39	Official donations	348	355	369	193	199
Long-term capital:						Official and bank capital	-344	2,394	3,951	1,819	2,069
Drawings on loans	-	-	114	11	69	Long-term capital:					
Other	-76	-4	-3	-3	-3	US loans	11	140	386	321	52
Short-term capital:						IBRD loans	20	140	460	115	362
Net IMF position	-15	71	-	-	-	Other	104	11	-714	-578	459
Other liabilities	2	4	95	91	-4	Short-term capital:					
Sterling balances	174	-260	174	95	-63	Net IMF position	-193	-60	952	952	-
U.S. dollar balances	42	60	5	-43	-3	Other liabilities	-111	185	560	229	397
Other foreign assets	-139	123	15	11	-36 ^b	Foreign assets ^f	-175	1,978	2,307	780	799
Monetary gold	-	-	-	-	-	Monetary gold	-	-	-	-	-
Net errors and omissions	-4	-26	-23	-22	8	Net errors and omissions	52	-202	-168	-251	-55
CEYLON (million rupees)						INDONESIA (million U.S. dollars)					
Goods and services	384	137	-156	-63	-125	Goods and services	103	-157	-76	-91	-67
Exports, f.o.b. . . .	1,893	1,772	1,669	881 ^c	708 ^c	Exports, f.o.b. . . .	881	843	843	413	271
Imports, c.i.f. . . .	-1,478	-1,576	-1,784	-848 ^c	-783 ^c	Imports, c.i.f. . . .	-548	-819	-722	-410	-236
Transportation and insurance	56	41	43	-48 ^c	-10 ^c	Transportation and insurance	-26	-25	-24	-15	-3
Investment income	-61	-50	-53	-25	-11	Investment income	-108	-64	-70	-23	-36
Other	-26	-50	-51	-23	-29	Other	-96	-92	-103	-56	-63
Private donations	-78	-83	-66	-33	-42	Private donations	-	-	1	-	-
Private capital	-56	-20	-38	-14	24	Private capital	-	2	1	6	6
Official donations	17	28	27	2 ^d	2 ^d	Official donations	1	1	-	-	117 ^e
Official and bank capital	-278	-47	233	110	135	Official and bank capital	-106	156	67	94	-49
Long-term capital:						Long-term capital:					
Portfolio security holdings	-12	-47	-54	-49	-5	Loans received	-20	-9	-20	1	6
U.K. loan repayment	2	-	22	-	-	Other	3	-1	12	3	6
IBRD loans	9	9	23	12	9	Short-term capital:					
Borrowing in U.K. . . .	-	-	-	-	-	Net IMF position	-	28	-	-	-
Short-term capital:						Foreign assets	-98	101	69	86	-59 ^f
Net IMF position	-	-	4	-10	-	Monetary gold	9	37	6	4	4
Other liabilities	-2	-2	3	-9	10	Net errors and omissions	-	-2	3	-1	-7
Foreign assets:											
Government & Central Bank	-183	-67	195	128	117						
Commercial banks	-92	64	54	28	4						
Monetary gold	-	-	-	-	-						
Net errors and omissions	11	-15	-	-2	8						
CHINA (Taiwan, million U.S. dollars)						IRAN (million U.S. dollars)					
Goods and services	70.9	107.6	96.3	22.4	48.4	Transactions of Oil Sector	117	164	234	...	...
Exports, f.o.b. . . .	127.1	124.1	148.3	90.9	87.7	Exports, f.o.b. . . .	234	381	502	...	...
Imports, mainly c.i.f. . . .	184.7	222.1	244.7	-116.6	130.7	Imports, c.i.f. for own use	-31	-56	-	...	...
Government, n.i.e. . . .	7.1	5.2	1.2	1.0	4.2	Imports, c.i.f. for sale to employees	-	-4	-	...	...
Other	6.2	4.4	1.3	2.3	1.2	Profits, capital movements, and expenses abroad	-86	-157	-183	...	...
Private donations	1.3	0.4	0.1	-	9.0	Other Goods and services	-203	-207	-275	...	...
Private capital	1.8	4.4	9.1	2.2	7.0	Exports, f.o.b. . . .	105	105	110	...	...
Official donations	90.4	65.2	58.3	21.8	19.2	Imports, c.i.f. . . .	-291	-278	-359	...	...
Official and bank capital	24.8	45.7	29.6	1.8	6.7	Other	-17	-34	-26	...	...
Long-term capital:						Private donations	2	1	-	...	...
Official loans received	0.7	20.0	38.2	20.8	21.7	Other Private capital	-32	-36	-17	...	...
Other	2.8	1.4	3.5	0.8	0.9	Official donations	28	43	22	...	...
Short-term capital:						Official and bank capital	37	36	37	...	...
Payment agreements	8.4	25.0	13.2	1.6	7.8	Long-term capital	46	21	90	...	...
Other liabilities	-	12.3	0.3	2.1	2.4	Short-term capital					
Banks' deposits abroad	18.9	6.3	20.3	23.4	3.9	Net IMF position	-	17	-	...	...
Other foreign assets	0.2	2.3	2.6	0.1	3.7	Payments agreements	-5	-2	1	...	...
Monetary gold	1.2	1.6	0.9	0.4	1.1	Other liabilities	-3	10	7	...	...
Net errors and omissions	2.2	7.3	0.8	0.2	6.5	Foreign assets	-1	-10	-61	...	...
						Monetary gold . . . .	-	-	-	...	...
						Net errors and omissions	51	-1	-1	...	...

G. BALANCE OF PAYMENTS (Cont'd.)

	1955	1956	1957	First half			1955	1956	1957	First half			
				1957	1958					1957	1958		
	JAPAN (thousand million yen)						PHILIPPINES (million pesos)						
1958	Goods and services	73.8	21.3	-212.5	-236.8	33.8	Goods and services	-321	-141	-436	-90	-87	
2,398	Exports, f.o.b. ^a	722.3	893.4	1,027.4	478.9	497.2	Exports, f.o.b.	779	875	853	486	455	
2,767	Imports, f.o.b.	741.9	940.6	1,172.3	-664.8	-467.1	Imports, f.o.b.	-1,102	-1,019	-1,240	-618	-571	
5,411	Transportation and insurance	56.6	113.8	-186.7	-109.1	38.5	Transportation and insurance	-133	-123	-162	-83	-70	
163	Government, n.i.e. ^b	183.8	181.7	167.7	80.4	66.7	Investment income	-133	-131	-128	-11	-12	
-30	Other	33.8	42.0	-48.6	-22.2	24.5	Government, n.i.e.	245	219	206	110	90	
63	Rice donations	11.1	11.8	12.8	6.3	7.6	Other	23	38	29	26	21	
50	Rice capital	30.7	0.9	23.3	5.4	7.6	Private donations	16	13	20	8	1	
188	Official donations	4.0	1.9	-23.5	-9.6	71.6	Private capital	119	111	113	—	11	
-113	Reparations	8.6	6.3	-27.3	-10.8	73.0	Official donations	48	67	110	36	32	
199	Other	4.6	4.4	3.8	1.2	1.4	Official and bank capital	161	—	9	253	67	16
2,069	Official and bank capital	105.3	9.0	192.8	244.8	17.6	Long-term capital	82	14	-56	-45	19	
397	Long-term capital	17.7	7.8	11.6	8.3	2.3	Short-term capital:						
799	Use of IMF resources	22.5	—	45.0	—	—	Net IMF position	20	10	—	—	—	
55	Other liabilities	18.6	61.8	-33.9	47.9	20.5	Other liabilities	22	25	86	-8	-38	
52	Sterling balances	21.3	54.0	-3.3	11.1	8.7	Foreign assets	49	-46	191	128	46	
362	U.S. dollar balances	79.8	105.9	172.7	166.6	-83.9 ^c	Monetary gold	-12	-12	32	-8	-11	
459	Other foreign assets	17.4	8.6	0.9	11.0	70.1 ^c	Net errors and omissions	-23	-41	-60	-21	27	
	Monetary gold	0.6	0.1	-0.2	0.1	0.1							
	Errors and omissions	6.3	3.3	7.1	-10.1	5.8							
	KOREA, southern (million U.S. dollars)						THAILAND						
55	Goods and services	-266.8	-334.1	-389.0	-209.0	-188.0	Goods and services	-16.2	-15.3	-30.0	-11.3	-25.8	
-67	Exports, f.o.b.	17.6	25.2	19.4 ^d	11.5	7.1 ^e	Exports, f.o.b.	334.9	361.5	393.2	203.3	178.9	
271	Imports, c.i.f.	327.0	380.2	388.3 ^d	-234.7	-201.3 ^e	Imports, c.i.f.	-321.7	-358.5	-401.5	-204.6	-201.7	
-236	Government, n.i.e.	42.1	22.9	30.2	15.6	21.8	Nonmonetary gold	-10.7	-4.5	-5.1	-3.5	-1.1	
271	Other	0.5	2.0	-50.3	-1.4	15.6	Government, n.i.e.	-2.8	2.0	5.8	3.1	4.3	
-63	Rice donations	16.8	22.8	29.1	17.8	15.6	Other	-15.9	-15.8	-22.4	-9.6	-6.2	
-3	Rice capital . . . . .	...	...	...	...	...	Private donations	-8.1	-8.9	-9.3	-6.7	-1.3
-36	Official donations	239.6	298.1	374.8	178.7	177.5	Private capital	2.4	3.2	2.8	1.4	1.1	
-63	Official and bank capital	9.7	12.9	-16.4	9.5	5.9	Official donations	14.1	31.0	35.0	18.3	13.3	
-6	Long-term capital	5.6	—	—	—	—	Official and bank capital	-11.1	-9.6	13.0	3.9	13.7	
117 ^f	Short-term capital:						Long-term capital:						
-49	Liabilities to IBRD	2.2	—	—	—	—	Loans received	17.6	17.7	28.2	14.7	8.8	
6	Payments agreement	0.2	0.6	0.7	0.1	1.3	Official repayments	-2.4	-5.4	-6.3	3.4	2.2	
6	Liabilities to Japan	0.2	—	—	—	—	Other (mainly assets of Bank of Thailand)	0.2	-1.2	1.8	—	0.3	
6	Rice liabilities to U.S.	—	16.9	2.1	19.5	3.7	Short-term capital:						
6	U.S. dollar balances	8.6	5.4	-17.3	-7.9	2.7	Liabilities	7.6	7.1	1.8	9.0	3.0	
6	Other	3.6	2.1	-1.8	-1.9	5.5	Sterling balances	-22.4	-4.0	1.3	1.4	7.7	
6	Monetary gold	1.1	0.1	-0.1	0.1	0.1	U.S. dollar balances	-15.0	-7.2	-9.6	-19.6	9.8	
6	Errors and omissions	0.7	0.3	1.5	3.0	2.7	Other foreign assets	-2.7	-2.4	0.6	1.8	1.7	
							Monetary gold	0.6	—	—	—	—	
							Net errors and omissions	18.9	-0.4	-11.3	5.6	1.0	
	PAKISTAN (million rupees)						VIET-NAM, southern (million piastres)						
-59 ^g	Goods and services	23	-786	-763	-368	-578	Goods and services	-5,468	-7,634	-8,141	...	...
4	Exports, f.o.b.	1,520	1,746	1,708	894	678	Exports, f.o.b.	-2,056	1,849	2,686	...	...
-7	Imports, f.o.b., private, f.o.b.	-652	-817	-811	-404	-410	Imports, c.i.f.	-9,877	-8,535	-9,792	...	...
	Transportation and insurance	-58	-76	-90	-45	-38	Government, n.i.e.	4,171	206	-354	...	...
	Government, n.i.e. ^h	-722	-1,543	-1,495	-763	-766	Other	-1,818	-1,154	-681	...	...
	Other	-65	-95	-75	-50	-42	Private donations	-79	410	276	...	...
	Rice donations	-26	34	4	-12	-3	Private capital	-96	-281	97	...	...
	Official donations	-3	1	29	8	-6	Official donations	9,353	6,813	7,579	...	...
	Official and bank capital	284	404	290	164	231	FOA/ICA direct grants	7,826	5,226	6,137	...	...
	Long-term capital:						US indirect grants	1,312	1,170	925	...	...
	Loans received	54	156	196	43	87	Other	215	417	517	...	...
	Official repayments	9	-12	-120	-69	-36	Official and bank capital	-3,275	608	20	...	...
	Loans extended	-	-	-	-1	-	Long-term capital:						
	UK securities	-19	-59	-16	-68	68	Official loans received	-	875	70	...	...
	Short-term capital:						Gold and US dollar subscriptions to IMF and IRBD	-	-	118	...	...
	Liabilities	-1	327	157	157	128	Short-term capital:						
	Sterling balances	-178	-1	231	178	82	Payments agreements	7	1	2	...	...
	U.S. dollar balances	2	-57	23	-42	15	Commercial banks	38	77	275	...	...
	Other foreign assets	-9	10	-36	-16	-12	Other foreign assets	-3,306	-56	224	...	...
	Monetary gold	-33	-2	-	-	-2	Monetary gold	-	-15	1	...	...
	Errors and omissions	-85	-16	5	26	25	Net errors and omissions	-435	84	169	...	...

GENERAL NOTES: (1) No sign indicates credit, minus sign indicates debit. For foreign balances or foreign assets under short-term official and bank capital, no sign indicates decrease, minus sign indicates increase. (2) Statistics on goods and services except merchandise imports and exports are on a net basis. Figures based on exchange control record. Rice exports are on payments rather than shipments basis; short-term assets exclude the State Agricultural Marketing Board's claims on foreigners for rice exports. Mixed f.o.b. and c.i.f. Grants in kind are omitted. Data prior to 1957 are based on exchange control record.

- f. Includes Reserve Bank's holdings of long-term securities.
- g. Official donations cover reparations in the form of cancellation of debt owed to Japan; the resulting decrease in liabilities is included in foreign assets.
- h. Goods purchased by UN forces under the special procurement program are included in "government, n.i.e."
- i. Includes foreign exchange balances other than those included in dollar balances.
- j. Includes Canadian dollar and Swiss franc balances.
- k. f.o.b. The data for 1957 and the customs figures, adjusted to f.o.b. basis.
- m. Includes government imports.

SPECIAL TABLES

H. COMPOSITION OF IMPORTS

Country, currency and year	Value (in millions)				Percentage distribution			
	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
ECAFE REGION^a (U.S. dollar)								
1954	3,354	2,531	919	1,485	40.5	30.5	11.1	17.9
1955	3,197	2,815	997	1,702	36.7	32.3	11.4	19.5
1956	3,332	3,243	1,511	2,141	32.6	31.7	14.8	20.9
1957	3,707	3,538	2,280	2,923	29.8	28.4	18.3	23.5
1958 1st half ^b	1,582	1,481	639	1,150	32.6	30.5	13.2	23.7
BURMA (kyat)								
1954	476	174	59	264	48.9	17.9	6.1	27.1
1955	362	170	67	261	42.1	19.7	7.8	30.4
1956	370	195	88	287	39.4	20.7	9.4	30.5
1957	521	243	119	526	37.0	17.2	8.5	37.3
1958 1st half	168	47	43	243	33.5	9.4	8.6	48.5
CAMBODIA^c (riel)								
1955	1,045	176	160	284	62.8	10.6	9.6	17.0
1956	1,248	165	217	350	63.0	8.3	11.0	17.7
1957	1,191	214	272	368	58.2	10.5	13.3	18.0
1958 1st half	821	85	183	456	53.1	5.5	11.8	29.5
CEYLON (rupee)								
1954	952	128	130	186	68.2	9.2	9.3	13.3
1955	890	142	164	233	62.3	9.9	11.5	16.3
1956	1,034	149	140	293	64.0	9.2	8.7	18.1
1957	1,082	194	240	288	60.0	10.7	13.3	16.0
1958 1st half	451	72	71	143	61.2	9.8	9.6	19.4
CHINA, Taiwan (new Taiwan dollar)								
1954	836	1,414	238	806	25.4	42.9	7.2	24.5
1955	536	1,500	206	898	17.0	47.8	6.6	28.6
1956	785	2,195	439	1,377	16.4	45.8	9.1	28.7
1957	710	2,433	469	1,648	13.5	46.3	8.9	31.3
1958 1st half	357	1,204	162	790	14.2	47.9	6.5	31.4
FED. OF MALAYA AND SINGAPORE (Malayan dollar)								
1954	1,669	624	454	389	53.2	19.9	14.5	12.4
1955	1,905	904	539	474	49.8	23.7	14.1	12.4
1956	2,081	927	576	569	50.1	22.3	13.9	13.7
1957	2,087	979	638	676	47.6	22.4	14.6	15.4
1958 1st half	1,095	480	282	305	50.7	22.2	13.0	14.1
HONG KONG (Hong Kong dollar)								
1954	1,687	1,236	215	295	49.1	36.0	6.3	8.8
1955	1,920	1,169	244	387	51.6	31.4	6.5	10.4
1956	2,282	1,317	336	616	50.2	28.9	7.4	13.5
1957	2,588	1,357	405	799	50.3	26.4	7.8	15.5
1958 1st half	1,224	526	169	300	55.2	23.7	7.6	13.5
INDIA (rupee)								
1954 ^d	2,366	1,759	633	1,797	36.1	26.8	9.7	27.4
1955 ^d	1,441	2,031	556	2,746	21.3	30.0	8.2	40.5
1956 ^e	1,293	2,204	779	3,883	15.9	27.0	9.5	47.6
1957	1,968	2,184	1,367	4,670	19.3	21.4	13.4	45.9
1958 1st half	798	805	567	1,731	20.5	20.6	14.5	44.4
INDONESIA (rupiah)								
1954	3,051	1,418	459	1,977	44.2	20.5	6.6	28.6
1955	2,641	1,535	670	1,902	39.1	22.8	9.9	28.2
1956	4,447	1,873	817	2,569	45.8	19.3	8.4	28.5
1957	3,512	1,965	746	2,850	38.7	21.7	8.2	31.4
1958 1st half	1,192	597	264	985	39.2	19.7	8.7	32.4
JAPAN (yen)								
1954	252,419	412,705	125,824	72,677	29.2	47.8	14.6	8.4
1955	240,071	457,778	134,706	56,477	27.0	51.5	15.2	6.3
1956	217,498	581,071	283,656	71,973	18.8	50.4	24.6	6.2
1957	228,684	643,824	484,232	175,288	14.9	42.0	31.6	11.5
1958 1st half	105,929	281,318	100,036	74,607	18.9	50.0	17.8	13.3
KOREA, southern (hwan)								
1954	9,265	10,661	2,665	5,177	33.4	38.4	9.6	18.6
1955	17,032	22,814	2,392	5,971	35.3	47.3	5.0	12.4
1956	15,887	11,528	1,453	5,935	45.6	33.1	4.2	17.1
1957	19,817	11,124	1,975	4,952	52.3	29.4	5.2	13.1
1958 1st half	9,418	8,577	1,257	2,210	43.9	40.0	5.8	10.3
LAOS^c (kip)								
1955	387	63	67	146	58.4	9.5	10.1	22.0
1956	683	125	119	308	55.3	10.1	9.7	24.9
1957	758	144	188	344	52.9	10.0	13.1	24.0
1958 1st half	274	52	49	184	49.0	9.3	8.8	32.9
NORTH BORNEO (Malayan dollar)								
1954	44	9	4	15	60.4	12.8	6.1	20.7
1955	51	14	6	17	58.7	15.5	6.7	19.1
1956	65	21	7	22	56.5	18.4	6.0	19.1
1957	60	24	8	24	51.7	20.7	6.9	20.7
1958 1st half	33	12	3	12	54.0	20.5	5.6	19.9

SPECIAL TABLES

H. COMPOSITION OF IMPORTS (Cont'd.)

Country, currency and year	Value (in millions)				Percentage distribution			
	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
PAKISTAN ^f (rupee)								
1954	192	187	129	398	21.2	20.7	14.2	43.9
1955	206	164	155	412	22.0	17.5	16.5	44.0
1956	270	144	181	382	27.6	14.7	18.5	39.1
1957	887	231	284	694	42.3	11.0	13.5	33.1
1958 1st half	...	...	...	...	...	...	...	...
PHILIPPINES ^g (peso)								
1954	460	168	112	225	47.6	17.4	11.6	23.3
1955	519	181	125	272	47.3	16.5	11.4	24.8
1956	398	169	132	314	39.3	16.7	13.0	31.0
1957	459	225	120	425	37.3	18.3	9.8	34.6
1958 1st half	208	112	43	202	36.8	19.8	7.6	35.8
SARAWAK (Malayan dollar)								
1954	89	273	7	28	22.4	68.9	1.7	5.9
1955	97	305	9	29	22.0	69.4	2.0	6.6
1956	97	326	10	30	21.0	70.4	2.1	6.5
1957	95	331	9	28	20.4	71.5	2.0	6.1
1958 1st half	39	154	5	11	18.8	73.5	2.3	5.4
THAILAND (Baht)								
1954	3,180	670	572	2,217	47.9	10.1	8.6	33.4
1955	3,554	822	670	2,233	48.8	11.3	9.2	30.7
1956	3,529	913	674	2,489	45.4	12.0	8.9	32.7
1957	3,525	1,026	897	2,993	41.8	12.2	10.6	35.4
1958 1st half	1,676	531	437	1,555	39.9	12.7	10.4	37.0
VIET-NAM (piastre)								
1954 ^h	7,443	1,806	1,067	1,983	60.5	14.7	8.7	16.1
1955	5,922	1,285	663	1,342	64.3	13.9	7.2	14.8
1956	4,725	1,057	604	1,231	62.0	13.9	7.9	16.2
1957	5,527	1,197	989	2,386	54.7	11.9	9.8	23.6
1958 1st half	2,093	557	530	905	51.2	13.6	13.0	22.2

GENERAL NOTE RELATING TO TABLES H AND I: Total of the four groups of imports or exports do not add up to total imports or exports published in national trade returns, because (1) in a few countries, a small part of the imports or exports (in no case more than 4%) are not included in the commodity trade statistics published by governments, and (2) of rounding. Percentage distribution refers to percentages of the totals of the four groups of commodities.

a. Regional totals in U.S. dollars including all countries listed in the table except southern Korea for 1954 to 1957. Imports of India in

fiscal years are added to imports of other countries in calendar years.

b. Excluding Pakistan.

c. Figures for 1954 are included under Viet-nam.

d. Years beginning 1st April.

e. Annual rate based on 9 months April-December.

f. Figures for 1953-1956, relating to private account only except 1957, for which government account is included.

g. F.O.B. value.

h. Figures relating to Cambodia, Laos and Viet-nam.

I. COMPOSITION OF EXPORTS

Country, currency and year	Value (in millions)				Percentage distribution			
	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
ED. OF MALAYA AND SINGAPORE (Malayan dollar)								
1954	732	1,576	595	83	24.5	52.8	19.9	2.8
1955	723	2,551	669	87	17.9	63.3	16.6	2.2
1956	810	2,349	748	105	20.2	58.6	18.6	2.6
1957	824	2,301	730	125	20.7	57.8	18.3	3.2
1958 1st half	462	1,009	276	62	25.5	55.8	15.3	3.4
HONG KONG (Hong Kong dollar)								
1954	1,376	804	73	164	56.9	33.3	3.0	6.8
1955	1,503	733	92	203	59.4	29.0	3.6	8.0
1956	1,887	803	156	353	59.0	25.1	4.9	11.0
1957	1,933	617	155	311	64.1	20.5	5.1	10.3
1958 1st half	992	234	50	127	70.7	16.7	3.6	9.0
INDIA (rupee)								
1954 ^a	4,215	1,225	386	48	71.7	20.9	6.6	0.8
1955 ^a	3,755	1,673	414	51	63.7	28.4	7.0	0.9
1956 ^b	4,093	1,172	447	51	71.0	20.3	7.8	0.9
1957	3,995	1,606	723	51	62.7	25.2	11.3	0.8
1958 1st half	1,571	715	276	20	60.8	27.7	10.7	0.8
JAPAN (yen)								
1954	294,816	98,871	39,016	153,763	50.3	16.8	6.7	26.2
1955	344,881	109,389	63,405	204,264	47.7	15.2	8.8	28.3
1956	422,755	115,440	78,690	275,719	47.4	12.9	8.8	30.9
1957	479,637	143,211	67,115	330,615	47.0	14.0	6.6	32.4
1958 1st half	221,010	67,866	30,645	177,154	44.5	13.7	6.2	35.6

GENERAL NOTE: See table H.

a. Years beginning 1st April.

b. Annual rate based on 9 months April-December.

SPECIAL TABLES

J. GOVERNMENT REVENUE AND EXPENDITURE

Millions

	Type of account	Total revenue	Total expenditure	Balance		Type of account	Total revenue	Total expenditure	Balance
AFGHANISTAN (afghanis)									
1954/55	A	964	1,030	- 66	INDIA (rupees)				
1955/56	RE	989	1,301	- 312	Central Government				
1956/57	DE	1,276	1,779	- 503	1955/56	. . .	A	6,608	10,061
					1956/57	. . .	A	7,658	- 3,453
					1957/58	. . .	RE	9,624	- 4,020
					1958/59	. . .	DE	9,656	- 6,685
BRITISH BORNEO (Malayan dollars)									
Brunei					States				
1954	A	96.0	30.6	+ 65.4	1953/54	. . .	A	4,689	6,144
1955	A	104.1	43.0	+ 61.1	1954/55	. . .	A	5,003	- 1,455
1956	RE	116.8	48.1	+ 68.7	1955/56	. . .	RE	5,601	- 1,929
1957	RE	130.6	58.3	+ 72.3	1956/57	. . .	DE	5,770	- 3,875
North Borneo					1957/58	. . .	RE	6,913	- 4,574
1954	A	23.8	36.2	- 12.4	1958/59	. . .	DE	7,421	- 3,267
1955	A	29.6	40.4	- 10.8	INDONESIA (rupiah)				
1956	A	33.7	42.5	- 8.8	1954	. . .	A	11,439	15,391
1957	A	35.5	46.9	- 11.4	1955	. . .	A	14,226	- 3,952
1958	RE	37.3	52.0	- 14.7	1956	. . .	A	18,451	- 2,090
1959	DE	41.2	55.0	- 13.8	1957	. . .	DE	20,571	- 1,564
Sarawak					1958	. . .	DE	20,990	- 5,039
1954	A	41.7	48.6	- 6.9	1959	. . .	DE	21,127	- 626
1955	A	49.8	44.4	+ 5.4	IRAN (rials)				
1956	A	51.4	60.4	- 9.0	1949	. . .	DE	7,154	6,904
1957	A	52.2	77.5	- 25.3	1950	. . .	E	7,785	+ 250
1958	RE	58.0	78.9	- 20.9	1954	. . .	E	11,944	- 2,902
1959	DE	52.2	88.5	- 36.3	1955	. . .	DE	10,848	- 512
BURMA (kyats)					1956	. . .	DE	11,987	- 7,095
1954/55	A	1,093	1,148	- 55	1957	. . .	E	15,704	- 2,857
1955/56	A	723	1,006	- 283	1958	. . .	E	19,865	- 4,161
1956/57	A	1,049	1,137	- 88	JAPAN (thousand million yen)				
1957/58	RE	938	1,259	- 321	1954/55	. . .	A	1,007	- 45
1958/59	DE	1,025	1,317	- 292	1955/56	. . .	A	1,033	- 11
CAMBODIA (riels)					1956/57	. . .	A	1,188	- 89
1954		1,665 E	2,612 RE	- 947	1957/58	. . .	RE	1,229	- 7
1955		1,637 E	2,475 RE	- 838	1958/59	. . .	DE	1,278	- 29
1956		1,721 E	1,755 A	- 34	KOREA, southern (hwan)				
1957	DE	1,899	2,250	- 351	Apr 1954/Jun 1955	A	69,058	132,880	- 63,822
1958	DE	2,433	2,650	- 217	July 1955/Jun 1956	RE	90,700	260,500	- 169,800
CEYLON (rupees)					Jul 1956/Dec 1956	DE	53,203	123,400	- 70,197
1950/51	A	838	897	- 59	1957	. . .	DE	166,235	- 271,253
1951/52	A	880	1,168	- 288	1958	. . .	DE	201,585	- 181,391
1952/53	A	867	1,114	- 247	LAOS (kips)				
1953/54	A	946	941	+ 5	1954	. . .	E	358	- 274
1954/55	A	1,075	984	+ 91	1955	. . .	E	424	- 731
1955/56	A	1,166	1,232	- 66	1956	. . .	E	490	- 679
1956/57	A	1,160	1,405	- 245	1957	. . .	E	945	- 200
1957/58	E	1,208	1,408	- 200	NEPAL (rupees)				
1958/59	E	1,207	1,742	- 535	1954	. . .	E	43.1	- 16.1
CHINA (mainland, yuan)					1955	. . .	A	33.6	- 11.6
1950	A	6,519	6,808	- 289	1956	. . .	RE	42.9	- 5.2
1951	A	12,967	11,902	+ 1,065	1957	. . .	E	57.6	- 8.1
1952	A	17,580	16,787	+ 773	PAKISTAN (rupees)				
1953	A	21,762	21,488	+ 274	1954/55	. . .	A	1,209	- 453
1954	A	26,237	24,632	+ 1,605	1955/56	. . .	A	1,343	- 629
1955	A	27,203	29,347	- 2,144	1956/57	. . .	A	1,371	- 627
1956	A	28,743	30,574	- 1,831	1957/58	. . .	RE	1,527	- 1,373
1957	RE	30,702	30,549	+ 153	1958/59	. . .	DE	1,603	- 1,225
1958	DE	33,198	33,198	-	PHILIPPINES (pesos)				
CHINA (Taiwan, new Taiwan dollars)					1954/55	. . .	A	795	- 59
1954/55	A	3,412	3,765	- 353	1955/56	. . .	A	862	- 118
1955/56	A	3,526	3,798	- 272	1956/57	. . .	A	977	- 80
1956/57	A	4,011	4,226	- 215	1957/58	. . .	RE	1,029	- 138
1957/58	DE	3,933	4,644	- 711	1958/59	. . .	DE	1,203	- 6
FEDERATION OF MALAYA (Malayan dollars)					SINGAPORE (Malayan dollars)				
1954	A	646	868	- 222	1954	. . .	A	217	- 29
1955	A	822	897	- 75	1955	. . .	A	208	- 13
1956	A	893	1,014	- 121	1956	. . .	A	231	- 21
1957	RE	863	1,179	- 316	1957	. . .	A	242	- 35
1958	DE	835	1,227	- 392	1958	. . .	RE	248	- 77
HONG KONG (Hong Kong dollars)					1959	. . .	DE	265	- 61
1954/55	A	415	358	+ 57	THAILAND (baht)				
1955/56	A	427	400	+ 27	1954	. . .	A	4,260	- 1,234
1956/57	A	473	477	- 4	1955	. . .	A	4,367	- 658
1957/58	A	546	531	+ 15	1956	. . .	A	5,076	- 591
1958/59	DE	520	718	- 198	1957	. . .	A	5,168	- 783
					1958	. . .	DE	5,825	- 1,502
					VIET-NAM, southern (piastres)				
					1954	. . .	DE	5,470	- 11,484
					1955	. . .	DE	5,122	- 10,575
					1956	. . .	7,251 A	12,471 DE	- 5,220
					1957	. . .	DE	8,461	- 5,699
					1958	. . .	DE	8,701	- 5,674

For explanatory notes see page 175.

K. MAJOR COMPONENTS OF TAX REVENUE

SPECIAL TABLES

Millions

billions
balance— 3,453
— 4,020
— 6,685
— 7,784— 1,455
— 1,929
— 3,875
— 4,574
— 3,267
— 3,266— 3,952
— 2,090
— 1,564
— 5,039
— 626
— 7,910— 250
— 2,902
— 512
— 7,095
— 2,857
— 4,161— 45
— 11
+ 88
— 7
— 29— 63,822
— 169,800
— 70,197
— 271,253
— 181,391
— 274
— 731
— 679— 200
— 16.1
— 11.6
— 5.2
— 8.1— 453
— 629
— 627
— 1,373
— 1,225
— 59
— 118
— 80
— 138— 77
— 61
— 29
— 13
— 21
— 35
— 77
— 61— 1,234
— 658
— 591
— 783
— 1,502— 11,484
— 10,575
— 5,220
— 5,699
— 5,674

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transac-tion and consump-tion taxes	Licences, stamp duties, regis-tration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
AFGHANISTAN (<i>afghanis</i>)											
1954/55	A	964	868	98	77	401	...	...	251	41	
1955/56	RE	999	845	105	76	401	...	...	222	41	
1956/57	DE	1,276	...	...	...	...	...	...	...	...
BRITISH BORNEO (<i>Malayan dollars</i>)											
Brunei											
1954	A	96.0	59.0	54.3	—	4.5	4.4	0.1	—	0.1	0.1
1955	A	104.1	54.4	50.1	—	4.0	3.8	0.2	—	0.2	0.1
1956	RE	116.8	59.3	54.7	—	4.1	4.0	0.1	—	0.4	0.1
1957	RE	130.6	...	...	...	...	...	...	...	...	...
North Borneo											
1954	A	23.8	15.9	2.3	0.2	12.0	9.0	3.0	—	0.5	0.9
1955	A	29.6	20.7	1.9	0.1	16.5	9.5	7.0	—	0.4	1.8
1956	A	33.7	23.1	3.0	0.1	18.0	11.5	6.5	—	0.5	1.5
1957	A	35.5	23.9	3.0	0.1	18.9	12.9	6.0	—	0.6	1.3
1958	RE	37.3	24.0	3.2	—	18.9	12.7	6.2	—	0.6	1.3
1959	DE	41.2	25.1	3.4	—	19.5	12.6	6.9	—	0.9	1.3
Sarawak											
1954	A	41.7	31.7	6.8	—	22.3	12.0	10.3	1.0	0.4	1.2
1955	A	49.8	38.2	6.5	—	27.8	13.5	14.3	1.3	0.5	2.1
1956	A	51.4	37.8	7.3	—	26.0	13.9	12.1	1.3	0.6	2.6
1957	A	52.2	38.1	8.5	—	25.4	15.2	10.2	1.2	0.7	2.3
1958	RE	58.0	42.6	12.0	—	25.7	16.7	9.0	1.4	1.3	2.2
1959	DE	52.2	36.1	7.0	—	24.2	17.0	7.2	1.4	0.9	2.6
SUMA (<i>kyats</i>)											
1954/55	A	1,093	847	243	24	255	238	17	104	13	208
1955/56	A	723	654	224	22	214	197	17	115	16	63
1956/57	A	1,049	909	264	25	298	279	19	147	19	156
1957/58	RE	938	772	240	25	262	247	15	157	21	67
1958/59	DE	1,025	856	255	26	282	263	19	162	22	109
CAMBODIA (<i>riels</i>)											
1954	E	1,665	1,177	108	32	624	...	...	270	85	58
1955	E	1,637	1,276	97	29	624	...	...	288	132	106
1956	E	1,721	1,548	121	42	361	291	70	673	191	160
1957	E	1,899	1,561	111	17	410	347	63	673	190	180
1958	E	2,433	2,096	158	14	639	586	53	711	300	274
TONYON (<i>rupees</i>)											
1950/51	A	838	757	144	—	528	245	283	49	15	21
1951/52	A	880	784	218	—	487	260	227	50	16	13
1952/53	A	867	780	244	—	444	251	193	61	18	13
1953/54	A	946	835	231	—	503	244	259	67	19	15
1954/55	A	1,075	944	220	—	629	258	371	57	19	19
1955/56	A	1,166	1,034	314	—	608	286	322	70	23	19
1956/57	A	1,160	1,042	283	—	628	304	324	81	25	25
1957/58	E	1,208	1,077	302	—	629	302	327	83	29	34
1958/59	E	1,207	1,078	238	—	684	328	356	95	29	32
TAIWAN (<i>new Taiwan dollars</i>)											
1954/55	A	3,412	3,226	255	—	1,014	1,014	—	1,829	105	23
1955/56	A	3,526	3,166	442	—	1,096	1,096	—	1,454	146	28
1956/57	A	4,011	3,433	334	—	1,209	1,209	—	1,689	172	29
1957/58	DE	3,933	3,423	325	—	1,280	1,280	—	1,624	162	32
COL. OF MALAYA (<i>Malayan dollars</i>)											
1954	A	646	523	136	—	318	206	112	20	35	14
1955	A	822	677	117	—	486	251	235	22	34	18
1956	A	893	722	148	—	493	276	217	24	39	18
1957	RE	863	689	132	—	478	298	180	26	39	14
1958	DE	835	652	127	—	446	307	139	26	40	13
HONG KONG (<i>Hong Kong dollars</i>)											
1954/55	A	415	289	159	—	63	63	—	25	23	19
1955/56	A	427	296	154	—	71	71	—	28	34	9
1956/57	A	473	326	171	—	80	80	—	31	36	8
1957/58	A	546	365	194	—	86	86	—	33	42	10
1958/59	DE	520	352	183	—	90	90	—	32	38	9

SPECIAL TABLES

K. MAJOR COMPONENTS OF TAX REVENUE (Cont'd.)

Millions

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transaction and consumption taxes	Licences, stamp duties, registration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
INDIA (rupees)											
Central Government											
1955/56	A	6,608	4,113	1,140	—	1,667	1,280	387	...	...	1,306
1956/57	A	7,658	4,938	1,444	—	1,732	1,405	327	...	...	1,762
1957/58	RE	9,624	5,576	1,426	—	1,830	1,538	292	...	...	2,320
1958/59	DE	9,656	5,723	1,591	—	1,700	1,406	294	...	...	2,432
States											
1953/54	A	4,689	3,303	626	707	—	—	—	1,369	414	187
1954/55	A	5,003	3,372	632	726	—	—	—	1,448	407	180
1955/56	RE	5,601	3,495	651	803	—	—	—	1,488	425	128
1956/57	DE	5,770	3,667	636	927	—	—	—	1,515	449	140
1957/58	RE	6,913	4,491	839	877	—	—	—	2,074	496	205
1958/59	DE	7,421	4,767	885	951	—	—	—	2,222	510	198
INDONESIA (rupiah)											
1954	A	11,439	7,871	2,408	10	1,547	995	552	3,705	87	114
1955	A	14,226	9,866	3,081	8	1,860	1,106	754	4,705	98	114
1956	A	18,451	13,663	3,121	11	2,296	1,872	424	8,033	114	108
1957	A	20,571	13,587	3,289	10	1,990	1,791	199	7,973	146	179
1958	DE	20,890	15,800	3,487	8	2,448	2,004	444	8,780	107	969
1959	DE	21,127									
IRAN (rials)											
1949	DE	7,154	5,106	849	—	1,911	—	—	—	—	2,346
1950	E	7,785	5,506	1,160	—	1,679	—	—	—	—	2,667
1954	E	11,944	7,199	1,620	—	2,537	—	—	—	—	3,042
1955	DE	10,848	7,064	948	—	2,500	—	—	—	—	3,616
1956	E	11,987	10,500	1,287	—	4,200	—	—	—	—	5,013
1957	E	15,704	11,437	1,370	—	4,875	—	—	—	—	5,192
JAPAN (thousand million yen)											
1954/55	A	1,007	934	496	—	24	—	—	414	—	—
1955/56	A	1,033	936	481	—	27	—	—	428	—	—
1956/57	A	1,188	1,087	577	—	46	—	—	464	—	—
1957/58	RE	1,229	1,136	581	—	48	—	—	507	—	—
1958/59	DE	1,278	1,175	588	—	44	—	—	543	—	—
KOREA, southern (hwan)											
Apr 1954/June 1955	A	69,058	51,989	14,921	7,577	9,983	—	—	18,014	1,150	345
July 1955/June 1956	RE	90,700	73,473	27,614	7,899	14,951	—	—	20,783	2,226	—
July 1956/Dec. 1956	DE	53,203	38,526	13,897	3,950	8,615	—	—	10,983	1,172	—
1957	DE	166,235	127,711	27,634	19,998	19,750	—	—	56,960	2,368	1,001
1958	DE	201,585	144,957	32,065	20,350	24,825	—	—	43,854	4,863	19,000
LAOS (kips)											
1954	E	358	286	7	1	153	146	7	113	4	8
1955	E	424	242	9	—	100	100	—	115	11	7
1956	E	490	464	44	—	251	251	—	129	33	7
1957	E	945	899	72	—	583	583	—	183	54	7
NEPAL (rupees)											
1954	E	43.1	—	—	—	13.6	—	—	2.5	—	—
1955	A	33.6	—	—	—	12.6	—	—	2.2	—	—
1956	RE	42.9	—	—	—	18.5	—	—	2.8	—	—
1957	E	57.6	—	—	—	23.5	—	—	4.0	—	—
PAKISTAN (rupees)											
1954/55	A	1,209	908	227	3	416	—	—	227	5	30
1955/56	A	1,343	968	198	—	509	—	—	222	6	33
1956/57	A	1,371	983	208	6	471	—	—	263	7	28
1957/58	RE	1,527	992	230	1	421	—	—	302	7	31
1958/59	DE	1,603	1,095	256	1	462	—	—	331	8	37
PHILIPPINES (pesos)											
1954/55	A	795	681	129	—	303	303	—	127	105	17
1955/56	A	862	738	142	—	247	247	—	135	190	24
1956/57	A	977	821	154	—	274	274	—	155	201	37
1957/58	RE	1,029	847	152	—	275	275	—	163	214	43
1958/59	DE	1,203	1,032	160	—	322	322	—	165	215	170
SINGAPORE (Malayan dollars)											
1954	A	217	164	77	—	—	—	—	75	8	4
1955	A	208	157	64	—	—	—	—	81	9	3
1956	A	231	177	73	—	—	—	—	88	9	7
1957	A	242	189	70	—	—	—	—	99	14	8
1958	RE	248	192	69	—	—	—	—	103	15	5
1959	DE	265	206	75	—	—	—	—	112	15	4
THAILAND (baht)											
1954	A	4,260	3,904	274	—	1,365	1,145	220	1,169	56	1,040
1955	A	4,367	3,990	312	—	1,648	1,296	352	1,189	61	780
1956	A	5,076	4,650	354	—	1,816	1,413	403	1,277	57	1,146
1957	A	5,168	4,681	380	—	1,901	1,490	411	1,233	59	1,108
1958	DE	5,825	5,191	431	—	1,936	1,670	266	1,569	70	1,185
VIET-NAM (piastres)											
1954	DE	5,470	4,969	612	—	2,340	2,263	77	1,802	215	—
1955	DE	5,122	4,768	752	12	1,692	1,622	70	2,086	246	—
1956	A	7,251	—	—	—	—	—	—	—	—	—
1957	DE	8,461	7,074	729	140	1,702	1,702	—	3,934	407	162
1958	DE	8,701	7,715	634	140	2,003	2,003	—	4,307	440	191

For explanatory notes see page 175.

L. MAJOR COMPONENTS OF GOVERNMENT EXPENDITURE

SPECIAL TABLES

Millions

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local govt's	Other current expenditure	Investment	Loans and advances (net)
1,306										
1,752										
2,320										
2,432										
	AFGHANISTAN (<i>afghanis</i>)									
187	A	1,030	418	...	...	54	...	252	306	...
160	RE	1,301	528	...	...	79	...	82	612	...
128	DE	1,779	...	...	...	...	...	...	...	...
140										
205	BRITISH BORNEO (<i>Malayan dollars</i>)									
199	Brunei									
1954	A	30.6	—	—	2.0	2.2	—	6.3	—	20.1
114	A	43.0	—	—	3.2	2.9	—	13.1	—	23.8
114	RE	48.1	—	—	4.1	3.9	—	10.4	—	29.7
108	RE	58.3	—	—	...	...	—	...	—	...
179										
969	North Borneo									
1954	A	36.2	—	—	2.8	3.2	—	8.3	21.9	—
1955	A	40.4	—	—	2.9	3.5	—	10.0	24.0	—
2,346	A	42.5	—	—	4.2	4.3	—	19.4	14.6	—
2,667	A	46.9	—	—	5.3	5.2	—	19.9	16.5	—
3,042	RE	52.0	—	—	5.9	5.9	—	20.3	19.9	—
3,616	RE	55.0	—	—	5.7	6.4	—	21.1	21.8	—
5,013										
5,192	Scarawak									
1954	A	48.6	—	—	5.1	4.5	—	13.8	24.8	0.4
1955	A	44.4	0.1	—	5.4	5.2	—	15.5	17.7	0.5
1956	A	60.4	—	—	7.1	10.6	—	17.7	23.3	1.7
1957	A	77.5	—	—	8.2	12.6	—	29.8	23.8	3.1
1958	RE	78.9	—	—	9.0	15.1	—	24.2	30.1	0.5
1959	DE	88.5	—	—	9.4	15.8	—	26.3	36.7	0.3
345	MYANMAR (<i>kyats</i>)									
—	A	1,148	333	—	50	119	32	249	141	225
1,001	A	1,006	353	—	48	128	27	251	77	122
19,000	A	1,137	368	—	56	144	29	288	79	173
8	RE	1,259	399	—	61	156	41	297	118	187
7	DE	1,317	402	—	74	152	37	317	136	199
7	AMBODIA (<i>riels</i>)									
7	RE	2,612	1,639	...	72	347	12	435	113	...
1955	RE	2,475	1,107	...	89	399	16	728	136	...
1956	A	1,755	610	—	89	482	—	384	190	...
1957	DE	2,250	640	—	129	661	—	485	335	...
1958	DE	2,650	657	—	151	809	—	619	414	...
7	SYRIA (<i>rupees</i>)									
30	A	897	10	132	102	198	18	180	225	32
33	A	1,168	15	248	112	245	22	150	343	33
28	A	1,114	28	127	115	241	23	236	282	62
31	A	941	31	12	113	239	23	246	219	58
37	A	984	26	—	142	249	23	195	352	3
1955/56	A	1,232	30	80	133	282	24	260	344	79
1956/57	A	1,405	34	105	138	321	26	393	224	164
24	E	1,408	57	134	165	317	28	263	442	2
37	E	1,742	83	108	187	387	35	325	604	13
43										
170	TAIWAN (<i>new Taiwan dollars</i>)									
4	A	3,765	2,529	752	17	41	—	412	14	—
3	A	3,798	3,054	4	31	74	—	529	106	—
9	A	4,226	3,322	7	44	118	—	631	104	—
7	DE	4,644	3,714	—	24	113	—	671	122	—
5										
4	D. OF MALAYA (<i>Malayan dollars</i>)									
1954	A	868	184	—	62	137	—	317	—	168
1955	A	897	160	—	61	158	—	325	—	193
1956	A	1,014	148	—	77	166	—	331	—	292
1957	RE	1,179	196	—	100	213	—	413	—	257
1958	DE	1,227	194	—	97	245	—	436	—	285
1959										
1954	HONG KONG (<i>Hong Kong dollars</i>)									
1954/55	A	358	30	—	35	41	—	187	65	—
1955/56	A	400	24	—	40	46	—	173	103	14
1956/57	A	477	25	—	43	52	—	189	139	29
1957/58	A	531	28	—	48	61	—	220	152	22
1958/59	DE	718	26	—	60	79	—	239	222	82

SPECIAL TABLES L. MAJOR COMPONENTS OF GOVERNMENT EXPENDITURE (Cont'd.)

Millions

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local govt's	Other current expenditure	Investment	Loans and advances (net)
INDIA (rupees)										
Central Government										
1955/56	A	10,061	1,916	—	...	...	875	2,267	2,023	2,980
1956/57	A	11,678	2,174	13	...	...	657	2,872	3,162	2,800
1957/58	RE	16,309	2,924	175	...	...	1,159	3,214	5,261	3,576
1958/59	DE	17,440	3,042	268	...	...	1,245	3,651	5,808	3,626
States										
1953/54	A	6,144	—	...	816	1,084	—	2,271	1,702	271
1954/55	A	6,932	—	...	915	1,240	—	2,430	2,057	290
1955/56	RE	9,476	—	...	1,319	1,539	—	2,700	3,134	784
1956/57	DE	10,344	—	...	1,530	1,742	—	2,673	3,758	641
1957/58	RE	10,180	—	...	1,651	1,838	—	2,963	3,175	553
1958/59	DE	10,687	—	...	1,805	2,034	—	3,115	3,147	586
INDONESIA (rupiah)										
1954	A	15,391	3,627	...	1,844	1,436	...	7,469	1,015	...
1955	A	16,316	3,937	...	1,476	1,564	...	8,424	915	...
1956	A	20,015	4,379	...	869	1,939	...	11,910	918	...
1957	A	25,610	6,051	...	1,082	2,334	...	15,078	1,065	...
1958	DE	21,616	4,879	...	1,039	2,115	...	12,500	983	...
1959	DE	29,037	—	...	...	...	...	...	...	...
IRAN (rials)										
1949	DE	6,904	1,651	—	...	891	—	3,165	1,197	—
1950	E	10,687	2,478	—	...	1,212	—	5,341	1,656	—
1954	E	12,456	2,544	—	...	2,119	—	4,680	3,113	—
1955	DE	17,943	3,978	—	...	2,847	—	7,573	3,545	—
1956	E	14,844	4,500	—	...	3,060	—	—	7,284	—
1957	E	19,865	5,871	—	...	4,836	—	—	9,158	—
JAPAN (thousand million yen)										
1954/55	A	1,052	161	7	...	371	149	201	—	163
1955/56	A	1,044	148	7	...	359	182	185	—	163
1956/57	A	1,099	150	3	...	376	191	191	—	188
1957/58	RE	1,236	174	31	...	412	226	209	—	184
1958/59	DE	1,307	176	1	...	433	258	221	—	218
KOREA, southern (hwan)										
Apr 1954/June 1955	A	132,880	59,918	691	4,417	11,045	8,052	20,858	15,366	12,534
July 1955/June 1956	RE	260,500	69,854	12,745	9,862	23,165	11,216	12,658	70,500	50,400
July 1956/Dec. 1956	DE	123,400	39,462	6,881	6,174	11,260	5,806	24,617	14,800	14,400
1957	DE	437,488	114,071	2,375	9,466	31,091	23,577	65,203	116,114	75,591
1958	DE	382,976	124,164	3,079	19,013	41,688	27,149	56,319	67,109	44,455
LAOS (kips)										
1954	E	632	31	—	60	111	1	201	160	68
1955	E	1,155	36	—	76	168	1	266	587	21
1956	E	1,169	49	—	108	265	1	344	344	58
1957	E	1,145	45	—	110	264	1	349	325	51
NEPAL (rupees)										
1954	E	59.2	15.9	—	...	...	...	23.3	20.0	...
1955	A	45.2	14.0	—	...	...	...	18.6	12.6	...
1956	RE	48.1	15.3	—	...	...	...	19.3	13.5	...
1957	E	65.7	15.9	—	...	...	...	31.1	18.7	...
PAKISTAN (rupees)										
1954/55	A	1,662	683	—	...	28	57	478	253	163
1955/56	A	1,972	821	—	...	30	32	471	297	321
1956/57	A	1,998	784	—	...	29	42	450	419	274
1957/58	RE	2,900	913	—	...	40	31	601	810	505
1958/59	DE	2,828	852	—	...	44	27	201	1,110	594
PHILIPPINES (pesos)										
1954/55	A	854	148	—	103	264	58	111	172	...
1955/56	A	980	166	—	122	268	56	85	283	...
1956/57	A	1,057	157	—	158	282	61	110	289	...
1957/58	RE	1,167	177	—	167	317	70	123	313	...
1958/59	DE	1,197	195	—	184	348	70	135	265	...
SINGAPORE (Malayan dollars)										
1954	A	246	9	—	19	53	—	137	28	...
1955	A	221	10	—	12	63	—	80	56	...
1956	A	252	10	—	19	78	—	85	60	...
1957	A	277	9	—	17	89	—	113	49	...
1958	RE	325	11	—	18	100	—	151	45	...
1959	DE	326	9	—	18	113	—	156	30	...
THAILAND (baht)										
1954	A	5,494	1,022	—	150	450	98	2,434	—	1,340
1955	A	5,025	829	—	100	355	79	2,583	1,079	F
1956	A	5,667	817	—	109	436	84	3,340	881	G
1957	A	5,951	1,567	—	240	1,107	65	2,088	886	G
1958	DE	7,327	1,458	—	337	1,646	65	2,707	1,114	ac
VIET-NAM (piastres)										
1954	DE	16,954	13,409	—	71	92	1,546	1,490	346	—
1955	DE	15,697	11,405	—	210	180	1,685	1,832	385	D
1956	DE	12,471	—	—	...	...	—	—	—	B
1957	DE	14,160	5,382	—	684	1,057	1,355	4,335	367	—
1958	DE	14,375	6,362	—	787	1,191	1,455	4,248	332	—

For explanatory notes see page 175.

SPECIAL TABLES

Millions
Loans
and
advances
(net)

2,980
2,800
3,576
3,626

271
290
784
841
553
586

63
163
188
184
218

12,534
50,400
14,400
75,581
44,655

68
21
58
51

163
321
274
505
594

1,340
1,079
881
886
1,114

6
5
7
2

GENERAL NOTES:

(for tables J, K and L)

A = Accounts, E = Estimates, DE = Draft estimates, RE = Revised estimates.

Figures generally relate to central government transactions only unless otherwise stated.

In general, only the net results of public enterprises and fiscal monopolies are included; positive balances are shown under revenue and negative balances under expenditure. Currency and mint transactions are excluded. Interest charges to public enterprises and entities are included in revenue and not deducted from interest payments on the expenditure side.

REVENUE

Total revenue: excluding proceeds from loans, other forms of borrowing, grants and aid, transfers from reserve funds, and counterpart funds.

Transaction and consumption taxes: excise duties, turnover taxes, sales taxes and entertainment duties.

EXPENDITURE

Total expenditure: including current expenditure, capital outlays, and loans and advances (net) granted by the government but excludes debt redemption, contributions to sinking funds and transfers to reserve funds.

Defence: including defence capital outlay. Expenditure on military pensions is included in "other current expenditure."

Economic services: including current expenditure on agriculture, industrial development, scientific and technical research, irrigation, public works, forests, ports, light houses, commerce, planning, etc.

Social services: including current expenditure on education, health, social welfare, relief, etc.

Contributions to provincial and local governments: including contributions towards meeting current expenditures.

Investment: covers capital outlays of public works department, including maintenance, and of government enterprises and other departments and grants to provinces and local authorities for the same purpose.

Loans and advances (net): mainly granted to provinces, local authorities, public and private undertakings for capital outlay.

COUNTRY NOTES:

(for tables J, K and L)

AFGHANISTAN

Revenue: Tax on income and wealth: including personal and corporate income taxes only. Other tax revenue: livestock tax only.

Expenditure: Social services: expenditure on education only. Other current expenditure: covers food storage and public health, etc.

BURMA

Revenue: including contributions from the State Marketing Boards. Japanese reparation receipts are excluded.

CAMBODIA

Revenue: 1954 and 1955, a number of transaction and consumption taxes included under customs duties.

Expenditure: 1956-1958, expenditures financed by external aid are excluded.

CEYLON

Revenue: Tax on income and wealth: including pension contributions from government employees.

Expenditure: Subsidies: food subsidies only.

CHINA (MAINLAND)

Sources: *Tung Chi Kung Tso* (Statistical Bulletin), issue No.12, 29 June 1957; *Tsai Cheng* (Finance), issue No.8, 5 August 1957; Finance Minister's accounts, *People's Daily*, Peking, 16 June 1956; *Takung Pao*, Peking, 12 February 1958.

Figures relate to the combined receipts and expenditure of the central and local governments.

CHINA (TAIWAN)

Revenue: Transaction and consumption taxes: including "other aids" and revenue from sales of exchange certificates.

Expenditure: including some repayment of debt, which cannot be separated. Social services: expenditure of the Ministry of Education only.

FEDERATION OF MALAYA

Figures relate to the combined receipts and expenditure of the governments of the Federation and the States and Settlements. Transactions of postal and telecommunications are included on a gross basis.

Expenditure: including advances and payments to the War Damage Fund. Defence: including the emergency expenditure of the Police Department.

INDIA

Revenue: including provision for depreciation, etc. of public enterprises.

Central government: excluding taxes transferred to the states.

States: Total revenue: excluding loans and grants received from the central government; including taxes transferred from the central government.

Expenditure:

Central government: excluding transactions of state trading schemes. Subsidies: loss on imported steel. Investment: including capital transferred to displaced persons and minor amounts to private enterprises.

States: Social services: expenditure on education and health only.

INDONESIA

All accounts are shown "gross" i.e. certain incomes directly related to the various expenditure items have not been deducted from expenditures.

Revenue: Transactions and consumption taxes: including foreign exchange levies.

Expenditure: Economic services: including certain capital expenditures of Ministry of Economic Affairs and Ministry of Agriculture. Investment: covers total expenditure of Ministry of Communication and Public Works and Energy. Other expenditure: including financing services, and a substantial amount of expenditure on security measures.

IRAN

Transactions of railway and tobacco monopoly are included on gross basis.

Revenue: Gross receipts of public domain are included 1939 and 1956 oil royalties are excluded in the budget. Land tax: included under Tax on income and wealth.

Expenditure: Social services: expenditure on education and health only.

JAPAN

Figures represent transactions of general account, special account for debt management and special account for local grants and shared taxes as well as of three other special accounts (seven for 1958 and 1959) of administrative nature. Thirty-two special accounts for trading, manufacturing, banking, insurance and other public undertakings are excluded. Capital transfers are wholly included.

Expenditure: Social services: including social security, civil pensions, etc. Other current expenditure: including some capital expenditure.

KOREA, SOUTHERN

Figures represent transactions of General Account and Special Accounts.

Expenditure: Investment: including counterpart value of capital aid goods received.

LAOS

Expenditure: Investment: the figure for 1955 includes an amount of 553.3 million kips financed directly by foreign aid. Defence: excluding considerable amounts of defence expenditures financed by foreign aid. Other current expenditure: includes a substantial amount of unforeseen expenditures, transportation expenses, etc. which could not be distributed.

NEPAL

Revenue: Transaction and consumption taxes: excise duties only.

Expenditure: Investment: developmental expenditure.

PAKISTAN

Revenue: including provision for depreciation, etc. of public enterprises but excluding receipts from sales of foreign aid fund supplies. Total tax revenue: excluding taxes transferred to state governments.

Expenditure: including expenditures met from railway, postal development and other funds, excluding currency capital outlays and state trading schemes. Defence: 1956/57: excluding current expenditure met from foreign aid estimated as 63 million. Social services: expenditure on education and health only. Contributions to provincial and local governments: grants to states other than those met from funds, mainly for development but also general grants for meeting current expenditure.

PHILIPPINES

Revenue: Import duties: include excise duties on imports; also include foreign exchange tax from 1954-1956 inclusive. Transaction and consumption taxes: consist of excise taxes on domestic products and forest products. Licences, stamp duties, registration fees, etc.: consist of licences and business taxes, and documentary stamps.

THAILAND

Revenue: Tax on income and wealth: income tax and automobile taxes only. Other tax revenue: including profits from rice export monopoly, aliens and gambling fees.

Expenditure: Contributions to provincial and local governments: including purchase of cars and boats for fire control, repair and maintenance of roads, bridges, etc. Other current expenditure: including cost of living allowance to all government employees, both civil and military up to 1956, and amounting to 2,274 million baht in that year. In 1957 and 1958 cost of living allowance to government employees was distributed to the appropriate heads.

VIET-NAM

Beginning 1956, budget relates to southern Viet-Nam.

SPECIAL TABLES

M. NATIONAL INCOME

Year	Burma	Cambodia ^a	Ceylon	China ^b (mainland)	China ^b (Taiwan)	Fed. of Malaya and Singapore ^c	Hong Kong ^d	India	Indonesia ^e	Japan	Korea, ^f south- ern	Pakis- tan ^f	Philippines	Thailan ^d	Viet- Nam south- ern
	million kyats	million riels	million rupees	million yuan	million new Taiwan dollars	million Malayan dollars	million Hong Kong dollars	thou- sand million rupees	thou- sand million rupiah	thou- sand million yen	thou- sand million hwan	million pesos	million baht	million piastres	
1938	1,213	8,017	...	...	724 ^g	...	...	...	2.7	20	...	...	...	855	...
1946 . . . . .	...	...	...	...	...	...	...	...	...	361	...	...	4,202	9,284	...
1947	2,631	...	...	...	...	...	1,564	...	...	968	...	...	5,364	14,407	...
1948	3,132	...	...	...	...	...	1,775	86.5	...	1,962	...	...	5,511	16,668	...
1949	2,901	...	...	...	...	3,185	2,330	90.1	...	2,737	...	17,238	5,464	20,064	...
1950	2,744	...	3,735	...	6,106	4,500	2,800	95.3	...	3,382	...	18,324	5,922	23,377	...
1951	3,199	10,759	4,422	...	8,942	6,465	2,800	99.7	63.6	4,525	...	18,161	6,487	24,746	...
1952	3,520	11,413	4,279	61,130	13,047	5,780	3,200	98.2	78.8	5,085	...	18,482	6,554	25,892	...
1953	4,033	11,654	4,352	70,040	17,882	5,305	3,600	104.8	83.3	5,748	482.0	19,447	7,015	29,183	...
1954	3,921	13,022	4,531	73,880	18,807	...	4,000	96.1	91.6	6,021	659.8	19,857	7,145	28,672	...
1955	4,121	11,516	5,122	78,800	22,561	...	...	99.9	100.0	6,671	1,042.3	19,516	7,624	35,458	54,435
1956	4,452	12,790	4,847	88,750	26,041	...	...	114.1	...	7,620	1,269.0	20,785	8,322	36,563	59,496
1957	4,560	14,524	5,067	...	29,982	...	...	...	...	8,341	1,634.1	20,987	8,799	...	...

Sources: United Nations Statistical Office and official national sources except for the following: China (mainland): Lu Kuang, "China's National Income", Peking Review No. 6, 8 April 1958; Hong Kong: Edward Szezepanik, *The Economic Growth of Hong Kong*; Federation of Malaya & Singapore: International Bank for Reconstruction and Development, *The Economic Development of Federation of Malaya & Singapore, Part V*.

Time reference: Cambodia, Ceylon, China (mainland & Taiwan), Federation of Malaya & Singapore, Indonesia, Philippines and Viet-Nam (southern); Thailand: fiscal year beginning 1 April for 1938, and calendar years from 1946; Hong Kong, India and Pakistan: fiscal years beginning 1 April; Japan: calendar year for 1938, fiscal years beginning 1 April from 1946; Burma: fiscal years beginning 1 April for 1938, and fiscal years ending 30 September from 1947; southern Korea: fiscal years beginning 1 July.

- a. Gross domestic product at factor cost prices of 1956.
- b. Total net value added at 1952 prices originated from industry, agriculture, construction, goods transport and communication and trade only.
- c. Gross national product at factor cost.
- d. Net domestic product at factor cost.
- e. Gross national product at market prices.
- f. At factor cost prices of 1949/50—1952/53.
- g. 1937, in pre-war Taiwan yen.

N. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT

Millions

Country, currency and year	Total	Agriculture, forestry, fishing	Mining	Manufacturing	Construction	Transportation, communication, utilities	Whole- scale and retail trade	Owner- ship of dwellings	Public adminis- tration and defence	Other services
BURMA* (kyats)		b				c				e
1953	4,620	1,990	63	470	132	89	1,255	170	380	71
1954	4,593	1,994	49	492	165	113	1,110	177	416	77
1955	4,808	2,021	73	523	172	132	1,170	185	453	79
1956	5,146	2,085	77	535	160	139	1,368	194	499	89
1957	5,402	2,248	82	566	165	148	1,364	203	532	94
1958	5,254	2,223	77	565	181	143	1,203	213	552	97
CAMBODIA^d (riels)		b				c				e
1938	8,810	4,653	—	345	264	...	2,274	...	305	969
1948 . . . . .	...	4,688	8	511	...	...	...	...	421	...
1949 . . . . .	...	4,983	17	559	...	...	...	...	503	...
1950 . . . . .	...	5,670	38	591	...	...	...	...	545	...
1951	11,542	6,126	100	714	346	...	2,240	...	746	1,270
1952	12,272	6,398	154	824	368	...	2,350	...	828	1,350
1953	12,475	6,461	80	830	374	...	2,201	...	1,157	1,372
1954	14,237	6,637	124	829	427	...	3,182	...	1,472	1,566
1955	12,578	5,180	270	984	337	...	2,673	...	1,750	1,384
1956	13,974	6,169	71	1,224	419	...	2,767	...	1,787	1,537
1957	15,975	6,978	90	1,345	479	...	3,493	...	1,833	1,757
CEYLON^e (rupees)		b				c				e
1953	4,477	2,400	4	216	368	343	324	80	386	355
1954	4,640	2,537	5	215	351	364	274	80	443	371
1955	5,260	2,750	7	312	443	429	310	97	509	403
1956	4,991	2,431	7	234	459	422	327	108	580	422

SPECIAL TABLES

Millions

N. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT (*Cont'd.*)Viet-Nam
south-
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scal

Millions

Other
services

c

71

77

79

89

94

97

1,270

1,350

1,372

1,566

1,384

1,537

1,757

355

371

403

422

Country, currency and year	Total	Agriculture, forestry, fishing	Mining	Manufacturing	Construction	Transportation, communication, utilities	Wholesale and retail trade	Ownership of dwellings	Public administration and defence	Other services
CHINA (mainland, yuan)										
1952	61,130	36,189	— 11,003 —	1,834	2,445	9,659	...	...	...	...
1956	88,750	42,689	23,430	4,970	3,905	13,756	...	...	...	...
CHINA (Taiwan, new Taiwan dollars)										
1953	17,885	7,045	277	2,557	755	835	3,307	...	1,772	1,337
1954	18,811	6,270	263	3,084	1,096	888	3,256	...	2,302	1,552
1955	22,565	7,543	353	3,792	1,195	1,193	3,552	...	2,964	1,983
1956	26,046	8,557	598	4,468	1,338	1,352	4,296	...	3,202	2,235
1957	30,045	9,725	716	5,456	1,459	1,707	4,921	...	3,555	2,806
CONFEDERATION OF MALAYA & SINGAPORE ^f (Malayan dollars)							1,825			
1949	3,335	1,260	250							
1950	5,080	2,430	295				2,355			
1951	7,145	3,405	480				3,260			
1952	5,975	2,435	440				3,100			
1953	5,395	2,145	325				2,925			
HONG KONG ⁱ (Hong Kong dollars)										
1954	3,960	115	15	1,300	130	300	700	260	340	300
INDIA (thousand million rupees)										
1953	104.8	53.1	1.0	— 16.7 —	— 17.2 —	4.4	4.9	7.5		
1954	96.1	43.5	0.9	17.1	17.3	4.5	5.2	7.8		
1955	99.9	45.3	1.0	17.5	17.9	4.8	5.7	7.9		
1956	114.0	56.9	1.1	18.6	18.3	4.8	6.0	8.3		
JAPAN (thousand million yen)										
1953	5,759	1,287	171	1,396	273	494	912	...	— 1,246 —	
1954	6,050	1,305	152	1,450	291	540	984	...	1,328	
1955	6,656	1,507	129	1,568	330	622	1,041	...	1,500	
1956	7,653	1,444	168	1,974	377	735	1,254	...	1,701	
1957	8,380	1,535	202	2,181	424	865	1,319	...	1,854	
KOREA, southern ^a (thousand million hwan)										
1953	478.3	205.1	9.5	57.8	5.8	4.1	79.2	...	39.5	77.3 ^e
1954	653.8	247.2	7.9	87.8	15.1	16.2	123.5	38.6	46.4	71.1
1955	1,031.5	463.8	11.1	115.1	22.6	25.8	185.9	49.5	63.2	94.5
1956	1,261.6	534.5	17.5	148.9	29.0	29.1	238.0	67.7	75.6	121.3
PAKISTAN ^b (rupees)										
1953	19,685	11,663	36	1,750	...	536	1,851	1,089	1,052	1,708
1954	19,909	11,630	39	1,923	...	546	1,871	1,108	1,049	1,743
1955	19,892	11,225	43	2,189	...	565	1,851	1,109	1,130	1,780
1956	21,189	12,122	46	2,347	...	583	1,997	1,124	1,164	1,806
PHILIPPINES ^c (pesos)										
1953	7,015	3,009	107	834	236	242	780	...	544	1,263
1954	7,145	3,118	105	850	205	235	781	...	574	1,277
1955	7,624	3,161	121	1,001	230	250	861	...	648	1,352
1956	8,322	3,307	141	1,195	276	286	953	...	679	1,485
1957	8,799	3,322	164	1,233	307	309	1,048	...	671	1,745
SAILAND ^d (baht)										
1952	29,090	14,212	563	3,397	889	1,200	4,506	...	1,320	3,003
1953	32,736	15,228	528	4,043	988	1,658	4,913	...	1,723	3,658
1954	32,466	13,961	547	4,108	972	1,824	5,639	...	1,598	3,817
1955	39,992	17,240	615	4,977	1,138	2,098	7,781	...	1,924	4,219
1956	41,032	16,562	698	5,268	1,382	2,310	8,040	...	2,437	4,335
VIET-NAM, southern (piastres)										
1955	55,081	15,551	88	5,254	1,301	2,201	14,217	2,010	9,498	4,961
1956	60,257	18,182	143	5,839	1,044	2,181	15,884	2,049	9,870	5,085

1. National income.

j. Including processing, marketing and ancillary activities performed by the farmer in respect of his own produce.

k. Private sector only.

m. Including government enterprises.

n. At factor cost prices of 1949/50-1952/53.

p. Utilities included under "Manufacturing".

q. Construction included under "Other services".

s. Including all services of general government.

t. Banking, insurance and real estate services included under "Wholesale and retail trade".

Sources and time reference: See table M.

a. Gross domestic product at market prices.

b. Including milling and marketing of forest produce.

c. Private transportation included in "Other services".

d. Gross domestic product at 1956 market prices.

e. Transportation and communications are included under all other sectors.

f. Ownership of dwellings included under "Other services".

g. Gross domestic product at factor cost.

h. Total net value added at 1952 prices originated from agriculture, industry, construction, goods transport and communication, and trade only.

SPECIAL TABLES

O. EXPENDITURE ON GROSS DOMESTIC PRODUCT

Millions

Country, currency and year	Total	Consumption expenditure		Gross fixed capital formation			Increase in stocks	Exports less imports of goods and services
		Private	General government	General government	Public enterprises	Private enterprises		
BURMA (kyats)								
1953	4,620	2,931	525	190	69	393	224	288
1954	4,593	2,986	698	253	182	398	178	-102
1955	4,808	3,129	638	322	240	344	103	32
1956	5,146	3,371	708	262	257	433	-22	137
1957	5,402	3,745	773	270	238	510	-127	-261
1958	5,254	3,595	850	550		580	-9	-330
CEYLON (rupees)								
1953	4,729	3,672	619	245		230	27	-65
1954	5,018	3,555	599	244		192	34	395
1955	5,641	3,969	629	298		250	50	445
1956	5,367	3,762	809	303		247	34	212
CHINA (Taiwan: new Taiwan dollars)								
1951	10,821	7,103	1,875	226	332	610	1,089	-525
1952	15,750	10,325	2,693	380	532	810	1,445	-773
1953	21,203	15,055	3,145	379	761	1,068	1,292	-1,249
1954	23,158	16,299	3,935	504	635	1,196	1,399	-2,107
1955	27,889	19,685	4,792	530	1,201	1,454	577	-1,114
1956	32,302 ^a	23,232	6,132	522	1,581	1,326	851	-1,667
1957	38,049 ^a	26,994	7,125	638	2,011	1,614	1,209	-2,323
FEDERATION OF MALAYA & SINGAPORE (Malayan dollars)								
1949	3,550	2,790	348	92		215	70	35
1950	5,345	3,400	369	91		240	-90	1,335
1951	7,520	4,910	562	168		325	-35	1,580
1952	6,350	4,600	699	251		405	100	295
1953	5,790	4,370	770	235		340	25	40
INDIA (thousand million rupees)								
1948	94.3	82.6	6.4	2.1		5.8	...	-2.8
1949	98.6	84.7	5.4	2.7		6.4	...	-0.8
1950	104.3	88.8	5.6	2.7		7.0	...	+0.2
1951	109.8	95.0	5.8	3.0		7.9	...	-1.9
1952	107.8	90.9	6.0	3.0		7.8	...	+0.1
1953	114.6	97.0	6.4	3.4		7.9	...	-0.1
1954	...	...	6.7	4.3		...	...	-0.4
1955	...	...	7.2	5.6		...	...	-0.6
JAPAN (thousand million yen)								
1953	7,096	4,352	768	643		927	408	-1
1954	7,490	4,734	846	593		895	265	159
1955	8,256	5,076	907	729		921	456	157
1956	9,304	5,416	948	749		1,552	705	-66
1957	10,061	5,781	1,048	757		1,878	732	-135
KOREA, southern (thousand million hwan)								
1953	478	491	49	3		30	...	-94
1954	654	581	80	7		55	4	-74
1955	1,032	924	120	33		88	7	-141
1956	1,262	1,098	149	55		118	9	-169
1957	1,625	1,325	217	115		157	...	-189
PHILIPPINES (pesos)								
1953	8,111	6,816	631	165		394	100	5
1954	8,283	6,960	654	167		396	156	-50
1955	8,820	7,501	718	173		451	165	-188
1956	9,571	7,919	800	193		555	112	-8
1957	10,118	8,585	828	202		657	125	-279
VIET-NAM, southern (piastres)								
1955	64,264	53,625	14,058	4,912			—	-8,331
1956	69,419	59,266	13,208	4,021			—	-7,076

Sources and time reference: See table M.

a. Including statistical discrepancy and value of exports financed by personal remittances abroad.

b. General government and government enterprises.

c. Private enterprises and public corporations.

d. Including statistical discrepancy.

SPECIAL TABLES

P. RELATIONSHIPS BETWEEN NATIONAL INCOME AND OTHER AGGREGATES

Millions

Exports less
imports of
goods and
services

	Country, currency and year	Gross domestic product at market prices	Less indirect taxes	Plus subsidies	Gross domestic product at factor cost	Less depreciation	Net domestic product at factor cost	Less net factor income payments abroad	Net national product at factor cost (national income)
288	BURMA (<i>kyats</i>)								
-102	1938	1,458	-80	1	1,379	-81	1,298	-85	1,213
32	1953	4,620	-350	16	4,266	-255	4,031	+2	4,033
137	1954	4,593	-423	12	4,182	-269	3,913	+8	3,921
-261	1955	4,808	-415	9	4,402	-280	4,122	-1	4,121
-330	1956	5,146	-396	4	4,754	-290	4,464	-12	4,452
	1957	5,402	-543	4	4,863	-302	4,561	-1	4,560
	1958	5,254	...	...	...	-324	...	-1	...
-65	CEYLON (<i>rupees</i>)								
395	1938	703	— 81 —	642	...	...	— 47	595 ^a	
445	1953	4,729	-252	4,477	-87	4,390	-38	4,352	
212	1954	5,018	-378	4,640	-62	4,578	-47	4,531	
	1955	5,641	-380	5,261	-78	5,183	-61	5,122	
-525	1956	5,367	-376	4,991	-89	4,902	-55	4,847	
-773	CHINA (Taiwan; new Taiwan dollars)								
-1,249	1953	21,203	-2,425	13	18,791	-906	17,885	-3	17,882
-2,107	1954	23,158	-3,296	108	19,970	-1,159	18,811	-4	18,807
-1,114	1955	27,889	-3,978	55	23,966	-1,401	22,565	-4	22,561
-1,687	1956	32,302	-4,511	22	27,813	-1,767	26,048	-5	26,041
-2,323	1957	38,049	-5,665	30	32,414	-2,369	30,045	-63	29,982
35	FEDERATION OF MALAYA & SINGAPORE (<i>Malayan dollars</i>)								
1,335	1949	3,550	-215	...	3,335	...	...	-150	3,185
1,590	1950	5,345	-285	...	5,080	...	...	-580	4,500
285	1951	7,520	-375	...	7,145	...	...	-680	6,465
40	1952	6,350	-375	...	5,975	...	...	-195	5,780
	1953	5,780	-385	...	5,395	...	...	-90	5,305
-28	INDIA (<i>thousand million rupees</i>)								
-0.6	1950	104.3	-5.4	0.4	99.3	-3.8	95.5	-0.2	95.3
+0.2	1951	109.8	-6.3	0.4	103.9	-4.0	99.9	-0.2	99.7
-1.9	1952	107.8	-5.6	0.4	102.5	-4.2	98.3	-0.1	98.2
+0.1	1953	114.6	-5.8	0.2	109.0	-4.2	104.8	—	104.8
-0.1	1954 . . . . .	...	-6.3	0.1	...	...	96.1	—	96.2
-0.4	1955 . . . . .	...	-7.0	0.2	...	...	99.9	—	99.9
-0.8	1956 . . . . .	...	...	...	...	...	114.0	0.1	114.1
1	JAPAN ^b (<i>thousand million yen</i>)								
-1	1938	27	-2	—	25	-2	20	—	20
159	1953	7,096	-715	46	6,427	-473	5,759	-11	5,748
187	1954	7,490	-749	15	6,756	-556	6,050	-29	6,021
-66	1955	8,256	-772	8	7,492	-633	6,696	-25	6,671
-135	1956	9,264	-881	7	8,390	-770	7,653	-32	7,620
	1957	10,085	-973	6	9,118	-888	8,380	-39	8,341
-94	PHILIPPINES (<i>pesos</i>)								
-74	1953	8,111	-589	10	7,532	-408	7,124	-109	7,015
-141	1954	8,283	-627	9	7,665	-407	7,258	-113	7,145
-169	1955	8,820	-639	6	8,187	-430	7,757	-133	7,624
-189	1956	9,571	-688	11	8,894	-441	8,453	-131	8,322
	1957	10,118	-730	16	9,404	-477	8,927	-128	8,799
5	THAILAND (<i>bahts</i>)								
-50	1938	858	— 55 —	903	-48	855	...	...
-188	1953	32,736	-1,916	30,820	-1,637	29,183	...	...
-8	1954	32,466	-2,171	30,295	-1,623	28,572	...	...
-279	1955	39,992	-2,534	37,458	-2,000	35,458	...	...
	1956	41,032	-2,417	38,815	-2,052	36,563	...	...
-8,331	VIET-NAM, southern (<i>piastres</i>)								
-7,076	1955	64,264	-6,338	—	57,926	-2,845	55,081	-646	54,435
	1956	69,419	-6,335	—	63,084	-2,827	60,257	-761	59,496

Sources and time reference: See table M.

^a Gross national product at factor cost.^b Items do not reconcile on account of statistical discrepancy.

GENERAL TABLES

1. REGIONAL STATISTICAL SERIES

Annual, quarterly and monthly figures

REGIONAL STATISTICS

I. REGIONAL STATISTICAL SERIES (Cont'd)

Annual and quarterly figures

III	Item	1950	1951	1952	1953	1954	1955	1956	1957	1957		1958		
										III	IV	I	II	III
	EXTERNAL TRADE (Cont'd)													
	Direction of trade (million US dollars)													
	Exports to:-													
	ECAFE countries	2,432	3,522	2,964	2,562	2,539	2,669	2,984	3,180	761	801	736	712	723
	Western Europe (including U.K.)	1,690	2,713	1,863	1,759	1,789	2,135	2,198	2,120	549	540	510	411	506
	U.K.	696	1,249	840	744	845	1,004	1,004	922	241	251	242	204	265
	U.S.A.	1,392	1,641	1,390	1,238	1,172	1,530	1,532	1,652	451	429	384	378	396
	Sterling area	2,574	4,006	2,851	2,339	2,691	2,964	2,990	3,191	829	849	739	682	779
	Imports from:-													
	ECAFE countries	2,217	3,364	3,100	2,794	2,679	3,012	3,308	3,648	906	854	827	840	836
	Western Europe (including U.K.)	1,384	2,349	2,436	2,221	2,188	2,202	2,590	3,183	790	787	658	574	570
	U.K.	720	1,029	1,073	930	902	955	1,133	1,323	330	312	280	242	251
	U.S.A.	1,243	1,992	2,193	1,800	1,813	1,990	2,414	3,371	873	725	693	699	612
	Sterling area	2,140	2,954	2,914	2,682	2,400	2,659	3,076	3,613	888	849	732	705	780
	Export of primary products*													
	Quantum indexes (1953=100)													
	General	92	101	98	100	102	108	109	112	112	110 ^r	110	95	...
	Food	86	99	96	100	107	108	115	120	123	101	130	105	...
0.2	Agricultural materials	101	107	101	100	99	109	105	101	98	112 ^r	97	84	...
	Mineral products	67	81	95	100	95	100	111	133	142	139	103	112	...
0.5	Unit value index (1953=100)													
	General	112	147	118	100	100	108	102	102	101	102	96	97	...
	Food	90	94	100	100	105	95	91	93	89	100	86	94	...
	Agricultural materials	130	189 ^r	131	100	97	119	111	110	112	103	103	97	...
	Mineral products	83	105	109	100	93	95	101	102	103	104	107	111	...
	Quantity of exports (thousand tons)													
	Food													
161	Fish, fresh or simply preserved	87	121	145	153	164	180	173	172	41	44	69	52	67
118	Rice and rice products	2,748	3,410	2,945	2,654	2,987	3,294	3,244	3,988	1,089	711	1,010	907	610
166	Sugar	1,031	857	1,255	1,755	1,604	1,689	1,632	1,804	294	280	580	495	473
143	Tea	368	432	394	436	459	408	458	420	118	111	105	83	133
137	Spices	53	49	62	58	74	80	90	84	22	22	18	10	19
183	Agricultural materials													
205	Hides and skins, raw	49	44	22	24	24	22	20	20	4	4	3	4	5
	Oilseeds, oil nuts & oil kernels	1,135	1,427	1,143	1,017	1,219	1,232	1,416	1,396	388	346	222	208	136
	Rubber, natural	1,751	1,756	1,692	1,611	1,688	1,782	1,699	1,737	454	468	396	346	468
161	Wood and lumber	621	893	1,094	1,481	1,732	2,023	2,251	2,359	586	576	594	860	907
150	Cotton, raw	283	321	379	222	320	265	204	28	39	56	57	53	53
190	Jute, raw	942	1,078	841	982	892	981	958	785	94	270	398	123	106
25.3	Hemp, raw	111	149	127	132	122	135	143	141	36	30	30	26	28
3.28	Vegetable oils, not essential	457	425	495	404	499	602	515	450	141	125	84	95	120
18.1	Mineral products													
16.02	Iron ore	1,237	2,144	3,152	3,728	3,540	4,399	5,638	6,631	1,888	1,381	997	1,602	1,965
1,280	Tin ore and concentrates	44	42	46	45	45	44	45	42	11	12	7	7	7
369	Manganese ore	823	1,162	1,463	1,593	1,006	936	712	1,742	396	436	302	214	262
2,004	Coal	1,048	2,451	2,729	2,201	2,063	1,562	1,940	1,655	458	400	431	461	462
307	Crude petroleum	3,768	4,974	5,670	6,963	7,083	8,367	10,027	12,408	3,406	3,373	2,755	3,120	3,193
	GOLD AND FOREIGN EXCHANGE ASSETS ^e (end of period, million US dollars) ^f	4,396	4,742	5,381	5,073	5,121	5,839	5,589	4,453	4,538	4,453	4,499	4,138	4,176

GENERAL NOTES: In general, the regional statistical series cover the countries of the ECAFE region except mainland China, Nepal and, in most of the cases, Afghanistan and Iran; in some cases, other countries have also been omitted because of lack of data. Except in the case of mainland China, countries omitted from the regional series are, from the point of view of the series, usually less important. To ensure comparability, the countries included in different periods for each series are the same.

a. Crop year beginning from the year stated. FAO source except rubber for which the International Rubber Study Group figures are used.

b. The present index of production of mining and manufacturing industries, published since February 1958 issue in the United Nations, *Monthly Bulletin of Statistics*, replaces the provisional index of industrial production compiled by the ECAFE secretariat and published in the earlier issues of this Bulletin. This index covers Burma, Cambodia, Ceylon, China: Taiwan, Hong Kong, India, Indonesia, Japan, southern Korea, Laos, Federation of Malaya, Pakistan, Philippines, Singapore, Thailand and southern Viet-Nam.

c. For countries covered see table 5 below.

d. Based on quantum indexes of exports and imports compiled by governments for Burma, Ceylon, China (Taiwan), Federation of Malaya and Singapore, India, Japan, and the Philippines. Quantum indexes for Indonesia, Pakistan and Thailand are derived from unit value indexes. These national indexes are combined to form the regional index with the dollar values of exports and imports in the base year 1953 as weights. Exports of the countries included in the index account for 88 per cent of total exports of the

region, excluding mainland China, in the base year, and imports of the countries included in the index account for 85 per cent of total imports of the region, again excluding mainland China. Intra-regional trade is not deducted, and the index shows changes in the total quantum of trade of ECAFE countries, and not changes in the trade of the region vis-a-vis other regions. The regional unit value indexes of exports and imports are derived from the regional quantum indexes and the total values of exports and imports of these countries in United States dollars.

e. Exports of 18 primary products and food from 16 countries (excluding Afghanistan, mainland China, Iran and Nepal) are included in the index. To minimize the effect of transit trade, only export of domestic produce is included for Hong Kong and not export of rubber is used for the Federation of Malaya and Singapore. The quantity of exports of each item is totalled for 16 countries, and relatives have been then weighed by the total value of exports of each commodity in 16 countries in terms of United States dollars in 1953 to form the quantum index. The unit value index is obtained by dividing the index of total value of exports in United States dollars by the quantum index. The commodities included in the 16 countries are: (If Hong Kong and Japan are excluded, the percentage is increased to 58.)

f. Includes Burma, Ceylon, China (Taiwan) Federation of Malaya and Singapore, India, Indonesia, Japan, southern Korea, Pakistan, Philippines, Thailand and southern Viet-Nam. Figures prior to 1952 exclude Japan and those prior to 1955 exclude Viet-Nam.

PRODUCTION

2. INDEX NUMBERS OF PRODUCTION
1953=100^a

Country and production	Weight	1954	1955	1956	1957	1957		1958				
						III	IV	I	II	III	Oct	Nov
CHINA (mainland)												
Industrial production	...	117	126	165	177	...	...	...	...	...	...	...
Producers' goods	...	120	140	199	223	...	...	...	...	...	...	...
Consumer goods	...	114	116	141	144	...	...	...	...	...	...	...
CHINA (Taiwan)												
Industrial production ^b	100.0	107	119	125	142	152	165	150	160	152	173	...
Mining and quarrying	10.5	100	114	120	134	128	157	133	158	129	155	...
Coal	7.4	88	99	106	122	123	137	121	140	128	138	...
Manufacturing ^b	76.6	107	120	125	143	158	169	152	161	155	176	...
Food	19.0	85	101	104	126	182	224	196	161	159	144	...
Textiles	17.8	116	122	115	128	133	140	111	116	108	148	...
Chemicals	9.5	109	120	134	158	152	173	143	164	153	187	...
Construction of buildings	1.1	106	145	104	118	122	170	197	125	174	194	...
Public utilities	11.9	115	123	135	149	151	157	149	160	161	171	...
Electricity	7.6	115	126	144	163	167	175	164	181	181	197	...
INDIA ^c												
Industrial production	100.0	107	116	126	130	121	147	138	134	136	...	...
Mining	7.2	103	107	110	122	111	133	136	130	118	...	...
Manufacturing	90.7	107	116	126	130	121	148	137	133	136	...	...
Food	11.8	96	115	124	134	105	241	146	159	207	...	...
Textiles	48.0	103	106	112	109	102	111	109	106	102	...	...
Rubber products	3.4	117	129	139	152	148	166	171	177	164	...	...
Chemicals	4.2	108	122	132	140	138	151	156	160	154	...	...
Non-metallic mineral products ^d	3.3	115	124	141	160	156	179	187	180	168	...	...
Basic metal industries	8.0	121	119	124	126	124	132	139	108	130	...	...
Non-electrical machinery	0.6	153	205	269	371	379	432	471	434	417	...	...
Electrical machinery	1.5	112	138	184	216	215	232	237	231	235	...	...
Transport equipment	2.9	113	171	236	246	220	249	256	194	236	...	...
Electricity	2.1	112	128	145	163	164	169	180	184	184	...	...
INDONESIA												
Export products												
General ^e	...	108	109	109	118	...	...	...	...	...	...	...
Estate	...	100	99	96	100	...	...	...	...	...	...	...
Peasantry	...	123	117	110	108	...	...	...	...	...	...	...
Mining	...	105	111	117	137	...	...	...	...	...	...	...
Estate products (7 items)	...	99	94	92	93	93	92	91	91	...	...	...
JAPAN												
Industrial production	100	108	117	144	167	168	165	167	163	166	176	175
Manufacturing and mining	92.8	108	117	143	169	169	166	168	163	167	176	176
Mining	7.2	96	97	107	118	117	124	115	107	114	121	115
Manufacturing	85.6	110	119	147	174	175	171	174	170	173	182	182
Food	11.5	108	115	122	128	109	103	202	118	121	119	118
Textiles	15.0	109	121	144	159	161	159	141	138	141	147	148
Chemicals	10.7	114	132	159	187	191	188	185	196	197	203	202
Ferrous metal	8.9	105	117	143	162	170	149	143	155	151	158	161
Machinery	17.0	113	114	166	230	236	236	229	239	249	271	270
Public utilities	7.2	106	114	131	146	152	150	147	154	153	162	160
KOREA, southern (1954=100)												
Industrial production	100.0	100	119	143	187	195	209	167	205	214	194	200
Mining	10.0	100	115	145	194	195	228	217	213	198	195	221
Manufacturing	87.0	100	120	143	188	196	208	161	206	216	195	199
Textiles	48.0	100	119	142	188	196	210	174	202	206	192	223
Metal products and machinery	13.0	100	128	179	235	226	269	190	190	245	238	179
Electricity	3.0	100	98	124	148	143	162	168	160	160	179	182
PAKISTAN												
Industrial production	...	128	161	182	192	192	202	214	206	...	...	...
Mining	...	101	107	125	130	133	133	146	140	...	...	...
Manufacturing	...	131	167	189	200	200	211	221	212	...	...	...
PHILIPPINES												
Mining	—	94	102	113	126	124	136	117	129	110	...	...
Manufacturing	—	113	127	147	158	162	181	165	184	169	...	...

a. Original base: China (Taiwan), 1954; India, 1951; Indonesia, 1938; Japan, 1955; southern Korea, 1955; Pakistan, 1950; Philippines, 1952 for 1953 and 1954, 1955 for succeeding years.

b. Sugar production is excluded from the monthly and quarterly index but included in the annual index. Weights relate to annual index.

c. Quarterly figures relate to the mid-month of each quarter.

d. Manufacture of non-metallic mineral products except products of petroleum and coal.

e. 18 products, including forest products (jungle wood and rattan).

3. PRODUCTION OF SELECTED COMMODITIES
Monthly averages or calendar months

PRODUCTION
Thousand tons

Commodity and country	1948	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
NATURAL RUBBER^a													
Cambodia	1.4	1.9	2.0	2.3	2.7	2.6	3.0	3.7	1.6	2.4	3.1	...	...
Ceylon	8.0	8.3	8.0	7.9	8.1	8.3	10.1	9.5	8.0	8.1	8.5	7.3	9.4
Fed. of Malaya & Singapore	59.1	48.6	49.5	54.1	53.1	54.1	56.1	56.7	54.7	48.6	59.8	59.7	52.5
India	1.3	1.8	1.8	1.9	2.0	2.0	2.2	2.8	1.7	1.8	2.0	2.5	2.9
Indonesia	36.6	58.6	62.5	62.1	58.1	58.0	74.7	52.6	37.3	42.1	63.1	64.5	64.5
Sarawak	3.4	2.0	2.0	3.3	3.4	3.5	3.2	3.4	2.7	3.0	3.8	3.5	2.9
Viet-Nam	2.3	4.2	4.6	5.5	5.9	5.8	6.4	7.9	2.6	5.1	5.6	6.1	7.8
DAL													
Afghanistan	...	1.4	1.3	1.8	2.2	1.6	...	...	...	...	...	...	...
China: mainland	5,548	6,661	7,800	8,827	10,349	...	...	...	...	...	...	...	...
Taiwan	138	199	177	211	243	245	273	242	280	254	275	...	...
Federation of Malaya ^b	32	24	19	17	15	13	11	10	7	6	4	5	4
India	2,551	3,046	3,123	3,237	3,339	3,680	3,493	3,892	3,847	3,806	3,772	3,807	...
Indonesia	45	75	75	68	69	60	53	66	51	43	51	...	...
Iran	13	13	21	15	27	...	...	...	...	...	...	...	...
Japan	2,810	3,878	3,560	3,535	3,880	4,311	4,202	4,523	4,283	3,801	4,125	4,436	4,174
Korea, southern	67	72	74	109	151	203	203	252	220	243	201	214	240
Pakistan ^c	20	49	47	45	55	44	39	46	58	45	37	...	...
Philippines	...	13	10	11	13	17	20	12	11	10	8	7	7
Viet-Nam, southern	...	...	...	...	...	1.0	0.9	1.4	5.7	5.5	4.9	0.7	1.6
IRON ORE^d													
Federation of Malaya	—	90	103	124	207	252	317	181	119	264	342	182	141
Hong Kong	—	10	8	10	10.	8	8	8	9	9	8	...	...
India	183	309	333	361	359	391	350	423	464	486	450	437	460
Japan ^e	47	128	136	126	159	187	218	200	141	166	178	190	...
Korea, southern	—	2	3	2	5	15	17	18	20	26	21	20	25
Pakistan	...	...	0.1	—	0.6	2.0	1.5	1.5	1.7	0.2	—	...	...
Philippines	18	101	119	119	120	112	109	86	84	91	93	...	...
M CONCENTRATES (tons)													
Burma	97	80	80	80	78	71	60	67	61	61	61	61	...
China (mainland)	406	525	625	700	700	800	700	800	965	965	965	965	...
Federation of Malaya	3,794	4,763	5,139	5,186	5,274	5,020	5,028	5,170	3,981	3,331	2,900	2,992	2,672
Indonesia	2,592	2,858	3,036	2,825	2,545	2,347	2,665	2,636	1,801	1,980	2,281	2,664	...
Japan	10	62	61	76	78	80	80	84	90	93	91	91	...
Loes	...	...	9	21	20	44	42	42	52	51	51	51	...
Thailand	359	885	828	933	1,057	1,145	1,152	1,299	694	640	654	654	...
ROLEUM, CRUDE^f													
Brunei	224	407	399	438	470	450	466	452	429	415	438	...	...
Burma	4	12	15	18	19	33	37	32	34	37	42	42	42
China (mainland)	52	66	81	97	120	...	...	...	...	...	...	...	...
Indonesia	361	852	898	982	1,061	1,289	1,358	1,414	1,250	1,348	1,412	...	...
Iran	...	124	292	1,422	2,207	2,927	3,119	2,999	3,280	3,206	3,514	3,358	...
Iopcm	13	25	25	29	29	27	28	28	30	30	31	32	31
Pakistan	5	20	22	23	24	25	25	25	25	25	26	26	25
Sarawak	4	4	6	6	6	6	6	6	5	5	4	...	...
LLT													
Afghanistan	...	1.4	2.2	1.8	1.9	...	...	...	...	...	...	...	...
Burma	3.6	5.2	7.7	8.4	7.2	9.7	9.1	9.8	7.9	10.6	9.5	10.8	10.5
China (Taiwan)	30.5	13.5	30.7	35.1	25.4	32.3	16.0	53.7	30.9	56.4	12.2	54.1	...
India	197.6	268.5	229.9	252.2	276.9	307.5	173.3	92.7	269.3	878.3	148.8	129.4	...
Indonesia	29.7	22.3	10.9	3.8	9.1	28.9	12.5	103.2	—	—	10.4	67.8	99.4
Japan ^g	24.3	38.4	35.4	46.1	52.3	69.3	76.0	74.6	66.7	84.3	111.5	96.7	83.2
Korea, southern	16.1	15.0	29.5	16.4	32.0	40.8	25.4	0.4	63.8	61.3	29.6	26.4	...
Pakistan	31.1	26.7	33.6	33.8	32.8	38.3	40.7	24.4	39.2	34.8	20.6	...	...
Philippines	9.8	4.0	4.0	6.7	5.3	...	...	...	...	...	...	...	...
Thailand	...	29.5	18.5	19.7	20.8	25.0	...	...	...	...	...	...	...
Viet-Nam, southern	...	...	...	6.4	5.0	6.6	8.4	0.7	6.4	10.9	1.3	1.0	1.3
CARb													
China: mainland	...	24.8	28.9	34.2	43.2	46.5	...	...	...	...	...	...	...
Taiwan	24.4	76.7	53.5	66.9	64.8	76.5	—	93.9	184.6	19.5	—	—	...
India	91.0	109.3	85.3	135.0	157.2	170.0	3.2	168.2	412.8	95.7	7.5	18.3	...
Indonesia	...	51.6	59.8	71.4	65.5	69.0	169.2	10.8	—	80.7	160.2	32.5	14.5
Iran	2.93	5.9	5.8	6.4	6.8	...	...	...	...	...	...	...	...
Pakistan	0.8*	7.3	6.4	8.0	7.4	9.4	0.1	11.5	23.2	12.6	0.1	0.8	10.4
Philippines	30.1	85.7	108.4	103.7	97.0	85.8	...	...	...	...	...	...	...
Thailand	...	3.0	3.7	4.5	5.4	5.7	...	...	...	...	...	...	...
IA													
Ceylon	11.3	13.0	13.9	14.4	14.2	15.0	11.6	13.8	15.5	16.7	12.1	13.4	15.5
China: mainland	...	7.1	7.7	9.0	10.0	9.3	...	...	...	...	...	...	...
Taiwan	0.9	1.4	1.6	1.1	1.1	1.3	1.5	1.2	0.8	1.2	1.6	0.8	...
India	21.5	23.0	24.1	25.0	25.1	25.2	44.5	28.5	4.9	24.7	45.5	53.5	...
Indonesia	...	3.1	3.9	3.6	3.5	3.9	3.4	4.4	3.9	3.8	3.8	4.5	4.1
Pakistan	2.2*	2.1	2.1	2.0	2.1	1.8	3.4	2.4	0.2	1.8	3.9	3.8	3.0

PRODUCTION

3. PRODUCTION OF SELECTED COMMODITIES (Cont'd)

Monthly averages or calendar months

Thousand tons

Commodity and country	1948	1953	1954	1955	1956	1957	1957		1958				
							III	IV	I	II	III	Oct	Nov
COTTON YARN													
Afghanistan . . . . .	...	0.05	0.01	0.02	0.04	0.05	...	...	...	...	...	...	...
Burma . . . . .	...	0.11	0.15	0.12	0.12	0.14	0.14	0.15	0.14	0.12	0.13	0.14	0.13
China: mainland . . . . .	...	62.0	69.5	60.0	79.3	...	...	...	...	...	...	...	...
Taiwan	—	1.6	1.9	2.1	2.0	2.3	2.6	2.6	2.1	2.1	2.3	2.5	...
Hong Kong . . . . .	...	2.7	3.3	3.5	3.8	4.0	4.2	4.4	4.2	4.5	4.4	4.7	4.5
India	54.7	56.9	59.0	61.8	63.2	67.3	67.3	67.2	63.5	60.3	64.9	66.0	...
Japan	10.4	34.5	38.7	34.9	41.1	43.1	44.2	39.8	37.0	35.7	36.5	36.9	37.0
Korea, southern	0.5	1.1	1.7	2.2	2.6	3.4	3.3	3.9	3.2	3.6	3.6	3.6	4.5
Pakistan	0.2	4.5	7.3	10.4	11.4	12.0	11.9	12.7	12.4	11.9	13.4	14.5	...
Philippines	0.01	0.07	0.06	0.05	0.07	0.07	0.08	0.06	0.07	0.06	0.07	0.07	...
COTTON FABRICS (Mn metres)													
Afghanistan . . . . .	...	1.2	1.4	1.5	1.3	1.6	...	...	...	...	...	...	...
Ceylon (Mn sq. metres)	0.5	0.6	0.4	0.4	0.6	0.4	0.5	0.6	0.5	0.5	0.5	0.6	0.7
China: mainland . . . . .	...	323.4	366.9	309.6	408.3	...	...	...	...	...	...	...	...
Taiwan	1.0	10.9	13.8	13.6	11.6	13.0	13.6	14.2	10.9	13.1	11.4	15.9	...
India	337	372	381	398	404	405	403	392	376	371	378	...	...
Indonesia . . . . .	...	3.6	3.8	4.2	4.4	4.7	4.5	5.3	4.7	4.1	...	...	...
Japan (Mn sq. metres)	64	196	222	210	242	268	270	272	234	224	203	211	214
Korea, southern (Mn sq. metres)	2.4	6.0	8.0	8.4	10.2	13.8	13.6	15.0	9.3	10.2	10.7	9.6	12.7
Pakistan	6.7	19.2	26.5	34.5	38.1	40.0	39.9	42.0	46.6	42.9	44.2	43.0	...
Philippines	0.6	0.9	1.1	0.9	1.4	1.2	1.0	0.9	0.9	0.7	0.9	0.8	...
Thailand . . . . .	...	...	...	3.1	4.4	4.1	...	...	...	...	...	...	...
JUTE MANUFACTURES													
China (Taiwan) . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
(Gunny bag. Mn pieces)	0.23	0.70	0.75	0.90	1.05	1.01	0.80	1.05	0.85	0.57	0.41	1.05	...
India	92.2	73.6	78.6	87.0	92.5	87.2	86.0	90.8	91.1	89.8	88.8	...	...
Pakistan . . . . .	...	4.2‡	4.5	7.5	12.1	12.6	13.1	12.7	13.4	13.0	14.1	16.8	17.4
Thailand (Gunny bag. Mn pieces) . . . . .	...	0.05	0.05	0.24	0.30	0.31	0.31	0.31	0.29	0.29	0.29	...	...
PAPER													
China (Taiwan)	0.8	2.0	2.5	2.8	3.6	5.0	5.3	5.9	5.4	5.8	6.0	6.4	...
India	4.3	8.1	8.7	10.1	10.4	10.7	10.6	11.5	12.7	12.7	13.1	...	...
Japan ¹	35.3	146.8	160.1	183.6	214.0	246.8	254.7	240.2	237.6	253.0	241.2	259.9	257.6
Korea, southern . . . . .	...	0.8	1.5	1.7	2.0	1.8	1.8	2.0	1.9	2.1	2.2	2.8	2.8
Pakistan . . . . .	...	...	...	1.1	1.4	1.7	1.6	1.8	1.5	1.1	1.8	1.3	1.4
Thailand . . . . .	...	0.06	0.17	0.17	0.25	0.23	0.23	0.23	0.23	0.23	0.23	...	...
VEGETABLE OILS													
China (Taiwan): Edible oil	0.1	0.8	0.7	0.8	0.9	1.0	0.9	1.9	1.0	1.3	1.1	1.6	...
Federation of Malaya: Coconut oil	4.3	6.7	8.2	8.0	9.2	8.2	8.9	8.0	7.0	7.0	7.5	7.1	4.4
Palm oil	3.8	4.2	4.8	4.8	4.7	5.0	5.7	5.2	4.8	5.8	7.2	5.9	...
India: Edible oil (Vanaspatti)	11.0	16.2	19.5	22.1	21.6	25.5	22.0	26.0	27.2	26.6	23.4	20.9	...
Indonesia: Palm oil . . . . .	...	13.4	14.1	13.8	13.7	13.4	16.2	12.5	10.5	13.2	14.3	12.5	...
Japan: Coconut oil	1.1	1.2	1.6	2.3	2.0	2.4	2.7	2.2	2.2	2.1	2.3	2.3	...
Others	2.0	5.8	9.0	13.0	15.1	16.3	17.6	16.9	17.5	17.5	21.3	23.8	21.8
Pakistan: Vegetable oil	—	0.9	0.9	1.2	1.4	1.5	1.5	1.6	2.1	1.8	1.7	0.8	0.9
Philippines: Coconut oil	7.7	11.8	12.2	13.3	17.7	...	...	...	...	...	...	...	...
Singapore: Coconut oil	3.8	1.4	3.2	2.8	3.4	4.1	4.6	4.9	2.8	2.0	3.2	2.9	2.1
SUPERPHOSPHATES^j													
China (Taiwan) . . . . .	...	5.8	6.5	6.7	8.4	8.6	9.2	9.5	6.6	9.4	8.4	10.0	...
India	1.8	4.1	8.9	6.3	6.9	12.0	15.0	11.6	12.4	13.8	16.7	...	...
Japan	79.6	118.9	143.5	149.6	171.5	155.3	139.1	131.5	161.1	138.7	143.8	136.3	142.5
AMMONIUM SULPHATE													
China (Taiwan) . . . . .	...	0.5	0.4	0.4	0.6	1.3	1.3	1.2	1.1	1.7	1.5	1.0	...
India	2.9	27.0	28.9	33.3	32.9	32.1	31.4	35.3	34.0	30.6	30.7	...	...
Japan	79.3	161.3	172.9	177.4	193.6	206.7	222.3	213.1	197.6	221.5	227.9	213.5	225.3
PETROLEUM PRODUCTS^k													
Burma	1.8	8.3	10.2	10.7	11.4	17.6	20.3	20.0	21.2	25.9	24.5	28.3	26.5
China (Taiwan, thousand Kilolitres)	19.5	27.0	37.0	51.0	52.8	55.8	63.7	52.6	53.9	52.0	58.8	59.4	...
Indonesia . . . . .	...	808.2	825.8	863.9	859.0	911.1	923.0	923.1	876.0	777.3	852.8	...	...
Iran	1,648.3	...	234.2	606.2	919.2	1,285.3	1,265.0	1,161.3	1,161.3	1,287.3	1,298.3	...	...
Japan (thousand Kilolitres)	14.8	505.6	616.7	717.8	984.1	1,212.6	1,187.6	1,316.7	1,185.7	1,273.4	1,413.7	1,466.9	1,522.0
Pakistan	0.7	5.4	6.2	6.3	7.0	7.2	6.8	7.6	7.4	7.0	7.9	6.2	7.2

3. PRODUCTION OF SELECTED COMMODITIES (Cont'd)

Monthly averages or calendar months

PRODUCTION

Thousands tons

and tons

Nov

	Commodity and country	1948	1953	1954	1955	1956	1957	1957		1 9 5 8				
								III	IV	I	II	III	Oct	Nov
0.13	CEMENT													
...	Burma	3.5	4.9	5.0	3.2	3.1	2.7	2.0	1.9	2.8	3.5	4.6	3.1	
...	Ceylon	5.5	7.0	7.1	7.1	4.1	4.7	3.5	5.6	6.4	...	...	...
4.5	China: mainland	323.1	383.3	375.3	532.8	557.8	...	...	...	...	...	...	...
37.0	Taiwan	19.8	43.3	44.7	49.2	49.2	50.3	47.4	46.3	71.1	85.4	89.4	95.5	
4.5	Federation of Malaya	6.4 ^d	7.2	9.1	8.7	9.5	10.0	9.4	9.6	9.0	8.8	9.5	...	
...	Hong Kong	4.4	5.3	8.4	9.7	10.1	8.7	7.0	9.1	15.2	10.5	9.6	15.3	13.8
...	India	131.0	320.0	372.0	379.9	417.2	474.3	446.1	544.6	564.2	532.3	487.0	418.0	464.0
...	Iran	5.4	5.2	11.0	18.7	11.6	13.4	11.6	11.5	10.8	13.9	...	...
...	Japan	154.9	730.7	889.6	879.7	1,085.3	1,264.7	1,224.9	1,303.6	1,199.0	1,171.0	1,257.0	1,390.0	1,335
0.7	Korea, southern	1.9	3.5	5.1	4.7	3.8	7.7	7.2	12.0	19.2	25.3	25.6	29.5	31.9
...	Pakistan	27.4	50.5	57.0	57.8	65.5	91.3	85.0	95.2	87.1	91.1	88.4	94.5	
...	Philippines	10.0	26.5	26.7	34.1	37.0	37.2	43.7	36.6	39.3	44.4	45.5	42.2	...
...	Thailand	6.9	24.0	31.9	32.2	33.1	33.5	38.2	35.7	41.3	38.8	34.6	34.1	36.8
214	BUILDING BRICKS (million units)													
12.7	Ceylon	0.50	0.31	0.27	...	...	...	...	...	...	...	...	...
...	China (Taiwan)	16.83	28.83	31.33	30.67	33.42	39.00	30.2	48.43	46.47	44.00	34.47	44.40	...
...	Federation of Malaya	6.51	6.92	9.05	10.76	11.90	12.08	12.05	10.40	11.65	11.12	...	...
...	Japan	10.17	18.33	20.00	19.00	21.25	23.00	24.70	24.13	15.00	20.00	23.00	...	
...	Korea, southern	1.23	2.27	2.08	7.08	15.95	13.67	15.86	7.67	19.21	17.01	15.55	12.86	
...	Philippines	0.02	0.07	0.03	0.03	...	...	...	...	...	...	...	...
5	STEEL (ingots and metal for castings)													
17.4	China: mainland	147.8	185.4	237.8	372.1	437.1	...	...	...	...	...	...	...
...	Taiwan	0.6	2.5	4.1	4.8	6.0	7.4	6.0	8.5	8.3	7.9	8.3	9.6	...
...	India	106.4	127.6	143.4	144.3	147.1	145.2	140.4	152.8	156.6	132.8	163.3	154.0	...
...	Japan	142.8	638.5	645.0	784.0	925.5	1,047.5	1,084.0	939.6	957.2	966.1	1,013.5	1,067.3	1,053.0
...	Pakistan	0.2	0.9	0.8	0.9	0.9	1.4	0.9	0.9	0.9	1.0	0.7	0.7	...
4	TIN METAL (tons)													
9	China: mainland ^r	...	...	...	1,016	1,186	1,354	1,354	1,354	1,524	1,524	1,524	1,524	1,524
8	Federation of Malaya	4,209	5,284	6,025	5,980	6,203	6,036	6,135	5,799	5,139	3,593	3,418	3,914	2,650
3	...													
...	ELECTRICITY (million kWh)													
...	Cambodia	1	2	2	2	3	3	3	3	3	4	4	...	...
...	Ceylon	5	12	14	15	16	17	19	18	16	18	19	19	19
...	China (Taiwan)	70	130	150	164	187	213	217	228	214	236	236	257	...
...	Federation of Malaya ^m	64	73	79	84	89	91	93	82	75	70	72	...	
...	Hong Kong	13	36	41	47	54	62	68	62	62	67	72	72	66
...	India	381	559	625	716	803	906	925	935	954	1,021	1,051	1,073	...
...	Japan	2,965	4,642	4,967	5,433	6,011	6,476	6,993	6,169	6,227	6,376	6,932	5,617	...
...	Korea, southern	41	61	75	73	93	110	107	121	125	119	119	134	138
...	Pakistan	11	34	41	51	64	...	...	...	...	...	...	...
...	Philippines (Manila)	30	52	58	65	77	93	98	99	100	105	110	114	108
...	Singapore	11	23	27	31	36	41	43	44	45	48	49	44	48
...	Thailand (Bangkok) ⁿ	4	8	13	16	18	22	22	23	23	23	24	20	...
...	Viet-Nam ^p	8	24	|| 15	|| 17	17	18	18	19	19	20	21	20	

- a. Including latex. b. Lignite. c. Including lignite.
d. Approximate metal content of ores as follows: Hong Kong 45%; India, 65%; Japan and the Philippines, 55%; Federation of Malaya, 60%.
e. Including iron sand.
f. Specific gravity: Brunei, Burma, Iran, Pakistan and Sarawak, 0.84; Indonesia, 0.85; Japan, 0.90.
g. Production in government licensed plants only.
h. Annual figures relate to crop year for China (mainland), Iran, India, the Philippines and Thailand, but calendar year for other countries.
i. Including paper board.
j. 18% P₂O₅ content.

- k. Comprising motor spirit, kerosene and diesel oil for Burma; gasoline, diesel oil, kerosene and fuel oil for China (Taiwan); motor spirit, aviation spirit, kerosene, heavy oil, wax and paraffin, asphalt and cutback for Indonesia; motor spirit, kerosene, distillate fuel oils and residual fuel oil (prior to 1957) for Iran; gasoline, diesel oil, kerosene, fuel oil, gas oil, lubricating oil and others for Japan; motor spirit and kerosene for Pakistan.
l. Including electricity purchased from Singapore.
m. Consumption of electricity; Bangkok Electric Works and Sam Sen Power Station.
n. Beginning 1954, southern Viet-Nam only, which represented 57% of total production in 1954.
o. Annual rate based on production of August-December.

PRODUCTION, TRANSPORT

4. CONSTRUCTION—NEW BUILDING
Monthly averages or calendar months

	1948	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
Ceylon: completed ^a (Floor area—thousand sq metres)													
Residential . . . . .	...	6.27	7.22	6.72	6.49	5.97	9.28	3.87	2.17	1.58	1.36	0.58	...
Non-residential . . . . .	...	2.29	2.70	2.02	2.20	2.54	4.30	3.05	1.38	1.50	0.71	0.36	...
China (Taiwan) (Floor area—thousand sq metres)													
Public . . . . .	...	6.09	4.81	6.15	4.71	5.68	7.12	7.21	9.19	9.77	4.38	...	...
Private . . . . .	...	22.39	25.67	32.73	23.55	26.67	26.76	40.57	43.77	22.95	40.74	...	...
Federation of Malaya: completed (Cost—thousand Malayan dollars)													
Residential . . . . .	...	...	...	...	3,526	4,376	5,944	5,095	4,463	2,709	...	...	...
Industrial . . . . .	...	...	...	...	347	404	651	339	238	203	...	...	...
Commercial . . . . .	...	...	...	...	425	516	853	664	481	466	...	...	...
Others . . . . .	...	...	...	...	890	1,212	732	2,088	1,000	730	...	...	...
Hong Kong: completed (Cost—thousand Hong Kong dollars)													
Residential . . . . .	...	4,128	4,236	8,902	8,654	10,267	8,584	14,103	10,041	6,563	16,320	14,956	12,143
Industrial . . . . .	...	564	671	862	815	1,016	494	837	1,302	1,470	1,672	2,132	9,700
Commercial . . . . .	...	86	886	336	1,438	1,204	187	2,796	122	396	4,180	1,451	13,708
Others . . . . .	...	1,828	1,807	1,845	2,197	1,696	1,411	2,188	2,340	4,160	3,733	4,396	2,789
Japan: started (Floor area—thousand sq metres)													
Residential	1,921	1,421	1,400	1,454	1,752	1,870	1,869	1,897	1,602	2,074	2,075	2,043	1,992
Non-residential	1,239	1,448	1,367	1,328	1,665	1,775	1,676	1,635	1,421	1,516	1,658	1,738	1,651
Korea, southern: permits issued (Floor area—thousand sq metres)													
Residential . . . . .	...	...	...	...	13 ^b	27	22	28	23	11	40	54	62
Non-residential . . . . .	...	...	...	...	53 ^b	65	66	74	73	30	83	88	97
Philippines ^c : permits issued (Value—thousand pesos)													
Residential	3,539	1,573	850	1,295	1,596	1,732	1,522	1,442	2,135	2,244	1,395	1,083	1,160
Non-residential	2,370	2,339	1,620	1,857	2,298	3,122	2,730	2,739	4,393	1,460	1,430	1,035	1,412
Singapore: completed (Number of dwelling units)													
Public ^d	85	227	239	279	184	124	...	...	...	...	...	...	...
Private	148	120	200	186	156	69	80	49	53	75	166	...	11
Thailand: ^e permits issued (Number of permits)													
Residential	126	251	214	244	201	204	191	196	256	237	213	213	206
Non-residential	41	57	72	72	64	44	31	30	26	28	23	22	16

a. Excluding particulars of buildings under building schemes.

b. December.

c. Manila Improvement Trust and City Council.

e. Bangkok only.

d. Comprising buildings erected by or on behalf of Public Works Department, Singapore.

5. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION
Monthly averages or calendar months

	1948	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
RAILWAYS ^a													
Passenger-kilometres (million)													
Burma†	40	47	57	66	70	78	70	85	91	101	86	109	113
Cambodia	4	4	5	6	7	6	6	7	7	7	6	...	...
China (Taiwan)	184	173	186	211	237	287	286	298	310	314	299	312	305
Hong Kong	7	6	7	9	...	...	...	...	...	...	...	...	...
India†	4,925	4,723	4,892	5,040	5,464	5,587	5,429	5,448	5,487	6,110	6,192	...	...
Iran	31	31	39	37	...	...	...	...	...	...	...	...	...
Japan†	6,595	6,963	7,253	7,603	8,174	8,412	8,542	8,263	8,356	8,945	8,994	9,099	8,497
Korea, southern†	236	262	332	316	337	286	277	332	322	346	362	370	...
Pakistan†	829	730	772	788	860	881	869	901	903	889	926	893	...
Philippines ^c	26	32	35	37	43	55	49	57	54	70	51	57	...
Thailand	109	191	196	167	155	164	141	149	197	180	136	137	144
Viet-Nam ^b	8	|| 11	|| 31	32	37	35	35	38	35	35	34	33	33
Freight ton-kilometres (million)													
Burma†	52	35	44	53	51	51	47	47	59	55	45	41	42
Cambodia	4	5	2	4	5	5	5	4	6	7	3	...	...
Ceylon†	21	22	22	24	24	24	26	22	20	20	27	...	...
China (Taiwan) ^c	53	120	122	137	142	159	155	162	160	158	147	164	172
Fed. of Malaya and Singapore	26	31	32	33	37	36	36	32	33	32	33	36	...
Hong Kong	0.29	0.33	0.51	0.65	0.57	0.53	0.70	0.51	0.50	0.39	1.55	1.19	...
India†	3,040	4,002	4,159	4,595	5,166	5,728	5,561	5,878	6,511	5,762	5,718	...	...
Indonesia	75	81	88	87	87	...	...	...	...	...	...	...	...
Iran	79	99	104	113	125	129	124	129	114	111	111	...	...
Japan†	2,109	3,368	3,277	3,500	3,861	4,019	3,961	4,292	3,607	3,624	3,497	4,015	4,037
Korea, southern†	67	229	160	179	189	197	211	213	182	205	203	223	...
Pakistan†	319	472	449	469	520	548	489	570	611	616	525	554	...
Philippines ^c	10	12	12	13	12	16	17	17	17	15	16	15	...
Thailand	25	54	57	65	76	85	88	89	100	96	85	68	83
Viet-Nam ^b	15	|| 12	|| 7	5	7	6	6	6	8	7	8	7	7

CIVIL
PA

a.

b.

c.

d.

e.

TRANSPORT

5. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION (Cont'd)

Monthly averages or calendar months

		1948	1953	1954	1955	1956	1957	1957		1 9 5 8											
								III	IV	I	II	III	Oct	Nov							
INTERNATIONAL SEA-BORNE SHIPPING																					
Freight loaded (L) and unloaded (U) in external trade (thousand tons)																					
	Ceylon ^a	L	63	73	92	88	82	83	86	67	70	53	81	76	82						
		U	141	182	203	191	205	268	303	281	271	274	284	300	386						
	China (Taiwan)	L	13	120	85	106	104	111	63	110	160	141	151	128	127						
		U	22	109	142	155	177	193	219	181	198	171	221	216	129						
	Fed. of Malaya	L . . . . .	... . . . .	182	183	226	284	310	413	230	134	288	391	... . . . .	...				
		U . . . . .	... . . . .	185	193	231	241	235	244	227	240	211	207	... . . . .	...				
	Hong Kong	L	104	126	126	141	162	143	128	147	131	163	151	220	207						
		U	236	279	303	347	386	426	402	428	430	436	429	508	432						
	Indonesia ^b	L	432	1,034	1,068	1,016	1,086	1,252	1,373	1,522	1,069	1,315	1,312	1,413	1,131						
		U	160	350	326	272	354	525	438	555	352	234	233	305	...						
	Iran ^c	L . . . . .	... . . . .	47	292	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
		U . . . . .	... . . . .	44	65	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
	Japan ^d	L	165	413	476	624	681	645	647	637	720	709	708	754	...						
		U	563	2,607	2,794	3,058	3,870	4,890	5,214	4,455	3,792	3,961	4,340	4,520	3,976						
	Korea, southern	L	3	12	9	8	11	15	14	11	9	10	6	12	14						
		U	3	95	82	171	74	104	153	76	87	107	100	122	69						
	Pakistan	L . . . . .	... . . . .	109	101	124	120	100	84	118	88	73	75	135	137					
		U . . . . .	... . . . .	293	218	236	335	382	422	358	413	425	334	287	325					
	Philippines	L	375	442	483	587	494	497	420	328	337	... . . . .	... . . . .	... . . . .	...		
		U	283	251	280	347	297	287	279	209	220	... . . . .	... . . . .	... . . . .	...		
	Singapore ^e	L	438	450	510	552	554	537	600	551	519	417	471	... . . . .	...				
		U	732	769	883	921	958	954	1,009	1,000	857	792	787	... . . . .	...				
	Thailand (Bangkok)	L	143	138	161	164	186	178	157	191	149	154	133	145	...						
		U	107	108	116	126	138	137	132	140	156	128	133	147	...						
	Viet-Nam (Saigon)	L	17	37	39	28	42	43	27	55	40	25	... . . . .	... . . . .	...			
		U	106	127	111	108	114	126	94	121	134	123	... . . . .	... . . . .	...			
	Entrances (E) and clearances (C) of vessels with cargo in external trade (thousand net registered tons)																				
	Burma ^f	E	118	104	124	113	112	117	107	128	86	195	174	... . . . .	...				
		C	157	146	150	159	155	149	113	132	130	231	159	... . . . .	...				
	India	E	646*	750	753	806	829	947	995	945	1,021	940	... . . . .	... . . . .	...			
		C	567*	885	800	702	737	702	686	823	783	782	... . . . .	... . . . .	...			
CIVIL AVIATION^g																					
Passenger-kilometres (million)																					
	Burma	... . . . .	... . . . .	4.58	4.55	5.11	4.96	4.31	... . . . .	... . . . .	... . . . .	... . . . .	3.96	3.57	2.72
	Ceylon	... . . . .	0.36	1.67	0.77	0.79	2.45	3.28	3.18	3.90	3.89	3.86	3.96	3.57	...					
	China (Taiwan)	... . . . .	... . . . .	3.12	3.64	3.85	3.99	4.49	4.70	4.99	4.34	4.87	... . . . .	... . . . .	...			
	India	... . . . .	23,65	32,15	36,70	42,92	56,60	65,13	62,60	68,77	69,0	70,0	70,3	80,8	...					
	Indonesia	... . . . .	8.49	14.03	15.01	19.95	22.40	... . . . .	... . . . .	14.86	11.96	17.74	... . . . .	... . . . .	...			
	Iran	... . . . .	... . . . .	1.2	1.6	2.6	2.8	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
	Japan	... . . . .	11,20	19,47	27,43	37,96	47,37	51,72	48,14	42,04	62,14	... . . . .	... . . . .	... . . . .	...		
	Pakistan	... . . . .	... . . . .	3.46	4.88	9.21	12,03	17,71	17,74	20,19	20,34	18,07	19,09	... . . . .	...				
	Philippines	... . . . .	14,57	18,97	10,84	10,08	11,74	13,94	13,26	14,89	13,49	17,50	14,26	16,94	15,61					
	Thailand	... . . . .	0.93	2.60	3.35	4.14	5.01	6.53	6.12	7.29	4.77	5.38	3.1	3.1	3.3					
	Freight ton-kilometres (thousand)																				
	Burma	... . . . .	... . . . .	127	181	112	94	80	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
	Ceylon	... . . . .	2	69	12	14	118	144	130	143	112	127	120	112	...					
	China (Taiwan)	... . . . .	... . . . .	179	199	203	162	185	133	179	150	156	... . . . .	... . . . .	...			
	India	... . . . .	475	2,203	2,357	2,879	3,215	3,225	3,222	3,302	3,417	3,255	3,327	3,586	...					
	Indonesia	... . . . .	389	620	621	562	729	762	785	808	504	329	460	551	...					
	Iran	... . . . .	... . . . .	16	17	50	105	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
	Japan	... . . . .	... . . . .	55	258	508	762	939	859	1,119	967	1,080	... . . . .	... . . . .	...			
	Pakistan	... . . . .	... . . . .	153	147	214	260	357	423	441	438	611	636	... . . . .	...				
	Philippines	... . . . .	540	778	398	347	335	386	380	411	313	... . . . .	... . . . .	... . . . .	...		
	Thailand	... . . . .	17	140	151	107	112	156	156	161	85	102	67	39	39					

- a. Railway traffic coverage: China (Taiwan), Taiwan Railway Administration; India and Pakistan, class I railways; Indonesia, postwar data relate to Federal area only; Japan, State Railways only; Philippines, Manila Railroad Company.
- b. From August 1954, southern Viet-Nam only.
- c. Including service traffic.
- d. For 1938-53 port of Colombo only.
- e. Beginning 1952 Federal area only.

- f. Twelve months beginning 21 March. Caspian Sea traffic included.
- g. Cargo carried by steel vessels only; excluding military goods.
- h. Prior to 1958, excluding oil handled at Pulo Bukom and Pulo Sebarok.
- i. Total number of entrances and clearances made during each voyage but excluding sailing vessels. Annual figures relate to 12 months ending September of postwar year stated.
- j. Scheduled domestic and international routes.

EXTERNAL TRADE

6. VALUE OF EXPORTS AND IMPORTS AND BALANCE OF TRADE

Monthly averages or calendar months

Millions

Year	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	
AFGHANISTAN ^a (Afghani)																			
BRUNEI (Malayan dollar)																			
1953	79	86	- 7	23.5	9.5	+14.0	94	70	+24	161	124	+37	131	134	- 3	32.9	23.3	+ 9.6	
1954	120	86	+34	22.8	8.3	+14.5	100	81	+19	183	165	+18	151	116	+35	29.2	24.4	+ 4.8	
1955	121	105	+16	25.3	8.7	+16.6	90	72	+18	117	139	-22	162	122	+40	38.4	26.5	+11.9	
1956	125	134	- 9	27.5	9.5	+18.0	98	78	-20	107	185	-58	144	135	+ 9	49.6	36.3	+13.3	
1957	...	...	...	28.5	9.0	+19.5	91	117	-26	150	170	-20	140	150	-10	49.5	44.5	+ 5.0
III	...	...	...	30.2	8.7	+21.5	98	128	-30	138	202	-64	143	158	-15	...	...	...
IV	...	...	...	28.4	7.7	+20.7	59	120	-61	129	221	-92	122	134	-12	...	...	...
1958	I	...	...	26.9	7.4	+19.5	73	104	-31	156	304	-148	143	136	+ 7	...	...	...
II	...	...	...	25.7	7.4	+18.3	93	63	+30	169	212	-43	101	109	- 8	...	...	...
III	...	...	...	27.9	6.7	+21.2	72	82	-10	150	188	-38	167	151	+16	...	...	...
Oct	...	...	...	...	...	...	78	52	+26	117	174	-57	186	154	+32	...	...	...
Nov	...	...	...	...	...	...	...	...	...	124	169	-45	145	176	-31	...	...	...
CHINA (Taiwan) (NT dollar)																			
FEDERATION OF MALAYA ^c (Malayan dollar)																			
		ICA imports								Exports, domestic									
1953	165	230	92	133	121	+ 12	228	323	53	443	479	- 36	798	726	+ 72	0.72	1.41	- 0.69	
1954	121	275	125	135	110	+ 25	202	286	57	469	515	- 46	323	598	+ 225	1.02	1.88	- 0.86	
1955	180	262	127	198	129	+ 69	212	310	61	506	561	- 55	698	600	+ 298	1.46	2.25	- 0.79	
1956	244	400	166	188	146	+ 42	268	381	65	516	685	- 169	838	813	+ 25	1.99	2.09	- 0.10	
1957	306	438	172	182	151	+ 31	252	429	62	536	855	- 319	921	757	+ 164	2.30	2.10	+ 0.20	
III	235	466	193	182	158	+ 24	230	401	67	592	823	- 231	1,024	716	+ 308	0.39	1.51	- 1.12	
IV	239	502	192	178	143	+ 35	251	416	65	557	727	- 170	889	695	+ 194	0.58	1.61	- 1.03	
1958	I	451	476	155	156	145	+ 11	231	373	100 ^d	478	676	- 198	588	567	+ 21	0.75	1.82	- 1.07
II	273	362	82	146	135	+ 11	237	371	107	382	624	- 242	634	460	+ 174	0.38	1.91	- 1.53	
III	289	470	171	155	131	+ 24	244	359	100	544	604	- 60	781	456	+ 325	...	...	...
Oct	287	409	66	194	148	+ 46	266	402	107	561	570	- 9	808	514	+ 294	...	...	...
Nov	290	637	97	...	...	...	264	385	...	496	687	- 191	812	409	+ 403	...	...	...
JAPAN (1,000 Mn yen)																			
KOREA, ^b southern (US dollar)																			
		Special procure- ment																	
1953	38.2	72.3	13.3	3.3	29.0	-25.7	6	32	-26	4.7	5.5	-0.8	121	97	+ 24	66.4	75.4	- 9.0	
1954	48.9	72.0	7.2	2.0	20.6	-18.6	3	47	-44	6.4	6.2	+ 0.2	99	92	+ 7	66.8	79.8	- 13.0	
1955	60.3	74.1	5.2	1.5	28.7	-27.2	4	55	-51	8.7	7.3	+ 1.4	125	90	+ 35	66.8	91.3	- 24.5	
1956	75.0	96.9	5.0	2.1	32.4	-30.3	4	103	-99	10.1	9.8	+ 0.3	135	156	-31	75.5	84.4	- 8.9	
1957	85.7	128.5	6.9	1.9	37.2	-35.3	3	122	-119	10.0	10.1	-0.1	134	174	-40	72.0 ^f	102.4	- 30.4	
III	92.5	128.6	11.2	2.0	43.8	-41.8	3	105	-102	10.3	9.8	+ 0.5	78	160	-82	66.5	105.4	- 38.9	
IV	91.6	104.3	3.7	1.6	23.4	-26.8	3	171	-168	10.1	9.2	+ 0.9	142	178	-36	58.2	99.5	- 41.3	
1958	I	85.3	96.5	2.4	1.1	35.2	-34.1	5	113	-108	10.2	9.9	+ 0.3	171	171	-	70.0 ^f	101.3	- 31.3
II	81.6	93.0	8.8	1.2	38.0	-36.8	5	74	-69	10.6	10.3	+ 0.3	83	172	-89	83.5 ^f	87.6	- 4.1	
III	82.6	87.9	3.7	1.2	30.4	-29.2	4	85	-81	11.5	11.4	+ 0.1	87	143	-56	86.9	84.2	+ 2.7	
Oct	92.5	84.5	2.6	2.0	...	...	...	...	...	...	...	...	139	128	+ 11	...	...	...
Nov	85.6	79.8	2.1	1.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...
SARAWAK (Malayan dollar)																			
SINGAPORE ^c (Malayan dollar)																			
THAILAND (baht)																			
1953	35.4	32.9	+ 2.5	221	252	-31	492	514	-22	157	883	-726							
1954	35.5	33.2	+ 2.3	224	252	-28	515	556	-41	164	946	-782							
1955	39.8	35.8	+ 3.0	281	322	-41	597	600	-3	201	768	-567							
1956	40.6	38.7	+ 1.9	286	327	-41	578	624	-46	122	614	-492							
1957	41.6	38.6	+ 3.0	290	338	-48	630	697	-67	232	842	-610							
III	42.4	39.4	+ 3.0	288	349	-61	591	689	-98	243	935	-692							
IV	42.4	39.4	+ 3.0	290	309	-19	616	682	-66	267	869	-602							
1958	I	35.7	34.9	+ 0.8	279	334	-55	635	701	-66	174	629	-455						
II	35.6	34.9	+ 0.7	267	323	-56	542	705	-163	184	732	-548							
III	41.0	36.7	+ 4.3	242	285	-43	502	624	-122	107	639	-532							
Oct	...	...	...	261	313	-52	440	615	-175	111	549	-438						
Nov	...	...	...	...	...	...	476	658	-182	131	751	-620						

e. Beginning 4 February 1952, the rise in value and price is due mainly to a change in the conversion rate of the rupiah from 3.80 to 11.40 per U.S. dollar.

f. Years beginning 21 March. Including value of exchange certificates. From 1957, quarterly figures on exports exclude petroleum; for 1952, 1957 and later, imports exclude "official" imports.

g. Not included in trade statistics.

h. Prior to 1955, figures based on foreign exchange settlements at the Bank of Korea. From 1955 onwards, government imports are still

based on exchange settlements, but exports and private imports are based on data of Bureau of Customs.

i. Imports valued f.o.b.

j. Prior to January 1955, excluding trade with Cambodia and Laos but including transit trade of these countries with other countries through Viet-Nam. Beginning June 1955, trade of the Republic of Viet-Nam only.

General Notes: Special trade system for Cambodia, China: Taiwan, Indonesia, Iran, southern Korea, Laos, North Borneo, Sarawak and Viet-Nam; semi-special trade (general trade less all re-exports) for China: mainland; general trade for other countries. Figures on imports include aid unless otherwise specified.

a. Years beginning 21 March. Some unreported trade is probably excluded.

b. Excluding trade with Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the U.S.S.R.

c. Including movements between Federation of Malaya and Singapore.

d. From January 1958 onwards, products wholly or principally of Hong Kong origin.

EXTERNAL TRADE

7. DIRECTION OF INTERNATIONAL TRADE

Quarterly averages or quarters

Million dollars

Millions

Balance inland) ^b (dollar)	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA (Taiwan)		FEDERATION OF MALAYA		HONG KONG		INDIA ^b		INDONESIA ^c		
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	
+ 9.6	1948	57.2†	45.0†	...	...	76.4	75.1	...	...	72.5	57.7	101.1	130.8	342.8‡	507.4‡	98.7	116.2
+ 4.8	1953	59.4	44.2	...	...	82.3	84.5	31.9	45.5	75.2	73.1	120.8	170.6	279.0	300.2	210.0	191.2
+ 11.9	1954	62.1	51.1	...	...	95.0	73.4	23.3	52.8	76.2	66.1	105.9	150.3	295.6	323.8	214.0	157.3
+ 13.3	1955	56.7	45.2	10.0	11.9	101.8	76.7	30.8	50.2	112.3	78.1	111.1	162.8	319.1	353.4	236.4	157.8	
+ 5.0	1956	61.2	49.4	9.3	13.7	91.1	85.8	29.6	48.4	117.0	186.2	140.8	199.8	312.8	427.2	220.5	213.3	
...	1957	52.5	74.0	12.9	14.6	83.4	94.7	37.1	53.1	114.2	90.0	149.8	243.0	337.5	538.6	242.4	199.2	
...	III	57.5	80.5	11.8	17.3	85.8	99.4	28.5	56.5	119.2	93.8	141.8	231.6	372.8	519.6	268.7	188.2	
...	IV	30.8	76.2	11.4	19.2	72.1	84.1	28.9	60.8	115.9	83.8	149.5	235.7	318.3	590.6	295.8	182.7	
...	1958	I	41.2	65.7	13.4	26.0	87.2	86.0	54.6	57.6	101.5	85.1	139.7	214.5	301.1	425.9	155.0	148.5
...	II	...	...	14.5	18.1	60.7	68.7	33.1	43.8	93.0	78.2	132.0	202.2	249.1	393.2	167.8	118.2
...	III	...	...	...	...	101.9	95.3	35.0	51.4	99.4	78.7	137.7	197.6	342.8	380.8	207.8	120.0
N ^f (in rials)	1948	50.0†	14.4†	...	...	4.6	26.3	...	...	9.4	26.2	60.9	53.8	95.2‡	121.5‡	25.0	33.7
...	1953	45.0	22.9	...	...	16.3	34.8	20.7	17.5	13.5	35.2	90.0	93.4	53.3	40.4	71.8	78.2
...	1954	52.1	26.3	...	...	18.6	32.0	18.2	20.7	13.9	31.9	72.5	76.1	46.6	60.7	85.2	64.6
...	1955	40.4	21.5	4.3	7.4	13.7	32.7	24.4	18.0	16.0	38.6	69.0	91.7	58.6	59.6	79.7	47.9	
- 0.69	1956	45.4	22.6	3.3	8.8	15.9	36.4	20.4	19.7	20.6	40.5	93.1	115.6	53.2	62.1	86.0	77.0	
- 0.86	1957	39.0	35.2	5.3	8.3	13.0	37.8	25.5	20.6	28.1	43.3	75.8	120.7	53.5	67.9	105.5	68.8	
- 0.79	III	44.6	33.0	5.4	9.5	11.5	37.3	20.0	21.1	29.8	48.8	61.4	113.3	54.9	63.0	97.8	63.8	
- 0.10	IV	21.6	39.0	4.6	10.7	10.0	39.6	23.1	21.6	27.4	40.6	70.6	121.0	38.3	68.3	155.0	56.5	
...	1958	I	...	29.4	8.3	12.9	7.3	31.7	40.8	24.8	19.9	40.8	59.7	106.5	43.5	56.7	65.7	41.7
...	II	...	...	11.9	10.2	4.2	24.7	24.4	24.8	26.3	36.9	59.6	107.8	43.4	75.1	78.9	49.4
...	III	...	...	...	...	9.5	41.4	17.6	21.5	34.0	41.3	57.8	111.1	101.0	110.0	94.0	59.3
- 1.07	1948	0.1†	0.3†	...	...	0.1	1.0	...	...	1.1	—	3.1	5.0	3.4‡	4.8‡	2.4	18.0
- 1.53	1953	11.2	7.3	...	...	0.5	3.6	14.5	13.5	5.0	1.9	9.7	16.8	14.2	6.5	9.4	31.8
...	1954	14.6	11.2	...	...	0.8	4.0	11.9	17.6	5.3	2.2	5.0	20.3	8.8	8.8	12.5	34.2
...	1955	11.4	9.6	0.1	1.2	0.6	5.2	18.3	15.3	7.3	3.6	6.4	23.0	13.8	16.9	18.3	21.6	
...	1956	9.3	8.2	0.4	2.6	0.8	6.0	11.0	17.6	9.8	3.8	13.9	35.5	15.7	22.9	18.4	23.4	
PINES ⁱ (to)	1957	5.9	17.7	0.3	2.4	1.1	6.8	13.1	17.6	14.4	3.6	10.0	33.4	14.4	28.6	10.0	30.0	
...	III	5.6	11.6	0.1	1.8	1.2	6.0	3.9	18.5	16.9	3.6	6.3	28.5	10.0	25.6	6.5	28.1	
...	IV	1.3	24.8	0.2	5.6	1.1	6.6	17.9	17.8	11.4	3.7	3.9	38.5	7.8	27.0	6.6	27.1	
...	1958	I	...	17.2	—	5.0	1.8	9.5	29.8	22.4	7.8	3.5	4.9	29.3	11.2	21.1	5.1	15.4
...	II	...	...	0.3	3.3	1.0	5.0	16.0	22.5	13.2	3.3	4.9	24.6	16.7	21.9	7.4	21.2
...	III	...	...	...	...	1.8	7.7	3.6	19.0	16.3	2.5	4.4	23.5	15.2	13.4	6.8	18.2
...	1948	5.8†	23.9†	...	...	30.7	16.4	...	...	24.2	18.2	8.9	32.6	106.8‡	159.5‡	43.6	41.7
...	1953	6.4	16.9	...	...	30.4	27.3	3.9	6.3	36.8	28.3	10.5	50.9	102.7	127.8	74.2	65.2
...	1954	5.4	20.2	...	...	34.8	24.2	1.4	4.5	37.2	27.2	10.6	42.4	122.2	144.2	71.6	52.0
...	1955	8.8	18.8	3.1	3.7	38.8	26.6	1.7	3.5	58.3	31.4	15.9	41.6	126.6	159.2	79.3	60.4	
...	1956	7.5	18.9	3.1	3.0	35.8	30.2	1.8	4.5	54.8	36.4	18.6	46.9	130.6	219.6	80.8	75.8	
...	1957	4.9	27.2	3.3	4.4	30.5	29.2	1.3	4.9	50.0	36.5	20.7	61.2	119.3	285.6	78.0	73.6	
...	III	6.9	30.7	2.2	5.8	29.7	28.6	2.2	4.4	44.5	35.6	20.4	57.9	126.4	256.9	93.5	71.4	
...	IV	2.6	29.9	4.2	5.4	27.3	24.5	1.3	7.9	61.9	32.8	21.7	56.5	117.7	290.3	74.1	72.5	
...	1958	I	...	22.6	1.7	10.7	35.7	29.9	0.7	4.9	55.1	33.3	23.2	47.1	105.8	203.1	39.8	62.4
...	II	...	...	4.2	6.3	32.8	26.2	2.0	4.4	39.2	33.0	24.1	45.8	88.9	165.7	42.0	33.8
...	III	...	...	...	...	45.4	29.3	2.6	4.1	37.7	29.0	24.5	44.4	134.9	177.7	57.2	32.8
...	1948	5.1†	21.1†	...	...	22.9	13.2	...	...	12.2	15.7	4.9	19.0	74.2‡	115.6‡	2.0	10.8
...	1953	4.4	11.8	...	...	20.4	19.0	2.1	2.0	18.5	23.1	5.2	20.8	78.5	74.2	4.4	13.5
...	1954	3.9	12.5	...	...	26.4	15.4	0.7	1.3	14.9	21.3	7.1	16.2	93.1	79.2	9.8	8.5
...	1955	4.8	11.5	0.2	0.1	26.5	16.2	0.9	0.6	26.5	24.1	11.0	19.3	88.3	84.8	23.0	8.7	
...	1956	4.4	10.4	0.1	0.2	26.3	18.3	0.7	0.8	23.2	27.2	13.0	22.4	96.7	109.1	19.6	12.9	
...	1957	3.2	15.7	—	0.2	24.0	19.4	0.3	0.8	24.6	26.8	14.7	29.2	84.5	125.2	17.6	11.4	
...	III	5.0	18.0	0.1	0.2	22.9	19.0	0.5	0.9	20.6	27.2	14.8	30.2	93.2	118.4	25.9	12.7	
...	IV	2.0	16.4	—	0.2	20.4	17.5	0.2	0.8	38.8	25.6	16.0	27.7	86.3	127.5	21.0	9.7	
...	1958	I	...	10.6	—	0.6	28.2	20.8	0.1	0.9	31.4	25.3	16.8	24.3	75.7	97.3	16.4	8.7
...	II	...	...	0.1	0.2	28.1	18.5	0.1	0.7	19.3	25.7	16.7	22.0	63.0	73.3	21.6	5.5
...	III	...	...	...	...	36.2	20.5	0.3	0.9	16.1	22.7	16.2	22.0	102.1	84.6	27.6	5.9
...	1948	—	0.1†	...	...	0.5	0.2	...	...	6.1	0.9	1.0	0.8	6.4‡	5.3‡	0.4	1.1
...	1953	—	0.2	...	...	0.2	0.6	—	—	1.5	0.2	—	1.0	1.8	2.0	1.1	1.4
...	1954	0.2	0.6	...	...	0.1	0.6	—	—	1.9	0.2	—	1.0	2.8	4.0	1.8	3.3
...	1955	5.6	0.4	—	—	0.1	0.4	—	—	2.1	0.2	—	0.8	2.4	5.5	6.7	7.2	
...	1956	5.5	3.8	—	—	0.1	0.4	—	—	4.7	0.3	—	0.8	9.3	15.4	3.0	2.8	
...	1957	4.4	5.2	—	—	0.3	0.4	—	—	3.4	0.4	—	0.6	12.6	19.8	2.2	1.6	
...	III	5.7	5.6	—	—	0.1	0.5	—	—	2.6	0.1	—	0.6	15.6	16.4	2.0	1.7	
...	IV	1.9	5.3	—	—	0.3	0.3	—	—	1.5	0.3	—	0.5	10.7	11.7	4.1	1.1	
...	1958	I	...	4.9	—	0.5	0.4	—	—	3.5	0.1	—	0.5	9.8	22.9	4.8	1.8	
...	II	0.2	—	0.2	0.4	—	—	6.4	0.5	—	0.4	14.1	14.5	3.3	0.5	
...	III	0.1	0.5	—	—	6.9	0.2	—	0.4	21.3	15.9	2.2	1.2	

ports are
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Area of origin for imports and area of destination for exports	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA (Taiwan)		FEDERATION OF MALAYA		HONG KONG		INDIA ^b		INDONESIA ^c		
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	
7. North America	1948	0.6†	1.7†	...	...	16.0	6.4	...	...	30.9	4.8	11.1	26.7	60.9‡	89.4‡	17.8	28.4
	1953	1.1	1.8	...	...	10.8	3.6	1.4	18.4	21.0	2.2	4.3	12.5	58.6	57.0	48.4	35.1
	1954	0.3	2.1	...	...	10.2	2.6	1.3	25.3	18.7	1.5	5.0	14.8	54.2	44.2	36.6	23.0
	1955	0.3	1.4	2.6	0.7	14.5	5.4	1.4	24.6	29.7	1.7	6.4	16.3	57.0	50.7	49.9	24.2	
	1956	0.4	1.4	2.5	1.5	12.8	4.2	1.7	20.6	31.7	2.1	7.8	20.6	54.3	53.3	36.2	35.6	
	1957	0.9	3.0	2.6	0.8	12.3	4.4	1.4	21.6	26.2	2.5	12.0	25.8	81.3	87.2	37.8	33.7	
	III	0.7	2.4	2.1	0.5	12.5	7.4	1.5	24.3	35.0	2.6	12.7	23.5	85.3	96.3	55.7	34.8	
	IV	0.2	2.9	3.8	1.2	11.1	2.2	1.8	22.9	19.0	2.6	13.9	22.0	104.3	128.3	42.8	27.0	
	1958	2.6	1.2	2.4	12.0	3.1	1.2	22.0	17.6	2.3	15.7	21.1	78.1	72.1	34.6	24.5
	I	...	...	3.0	1.5	7.4	3.4	2.1	12.1	15.5	1.9	22.0	25.9	50.3	64.7	25.3	20.1
	II	...	...	...	...	13.2	4.4	3.6	27.0	15.9	1.7	20.8	18.8	52.2	64.8	32.0	17.4
8. United States of America	1948	0.6†	1.6†	...	...	12.6	5.7	...	...	27.1	3.1	10.6	24.4	54.3‡	82.2‡	17.2	26.9
	1953	1.1	1.8	...	...	6.4	2.7	1.3	17.9	19.0	2.0	3.3	9.9	51.2	47.2	43.0	34.8
	1954	0.3	2.1	...	...	6.2	1.9	1.3	24.6	16.4	1.3	4.1	12.4	46.2	38.8	35.9	22.7
	1955	0.3	1.3	2.6	0.6	9.3	2.4	1.4	23.9	26.7	1.5	5.2	14.3	48.7	46.6	41.8	23.9	
	1956	0.4	1.4	2.4	1.4	7.4	2.1	1.7	20.4	28.2	1.8	6.5	18.6	46.0	49.5	35.3	35.1	
	1957	0.6	2.9	2.5	0.8	7.7	3.6	1.3	21.2	23.1	2.2	10.0	23.6	69.3	89.4	36.9	33.3	
	III	0.7	2.4	2.1	0.5	7.4	6.5	1.5	23.6	31.0	2.3	10.5	21.5	76.4	88.3	54.7	34.1	
	IV	0.2	2.7	3.7	1.2	6.5	1.9	1.7	22.3	16.3	2.3	12.2	20.3	80.0	120.1	40.8	26.5	
	1958	2.6	1.2	2.4	7.5	2.6	1.2	21.4	15.5	2.0	13.6	18.8	66.0	64.3	33.8	24.1
	I	...	...	3.0	1.5	4.3	3.3	2.1	11.9	12.4	1.6	15.0	23.5	42.8	59.5	25.5	19.9
	II	...	...	...	...	7.8	2.9	3.5	26.3	13.4	1.5	15.7	17.1	43.5	49.5	31.5	17.4
9. Latin American Republics	1948	0.2†	—	...	...	1.2	1.2	...	...	0.8	0.4	0.1	—	24.0‡	12.6‡	0.1	0.7
	1953	—	—	...	...	0.4	—	0.4	—	0.1	1.4	—	—	0.4	16.1	1.5	0.4
	1954	—	—	...	...	0.2	—	0.3	—	0.2	1.8	—	—	5.0	12.2	4.8	1.4
	1955	—	0.2	—	...	0.1	0.5	2.4	0.1	0.1	2.6	—	—	1.0	11.8	3.6	6.6	
	1956	—	—	—	0.1	0.7	1.7	0.1	—	1.7	0.1	0.1	2.5	8.6	1.3	0.6	2.1	
	1957	—	—	—	—	0.4	—	0.1	0.1	3.4	0.1	1.1	1.1	11.4	1.3	0.8	—	
	III	—	—	—	—	0.6	—	0.2	0.2	4.2	—	1.4	1.6	22.3	0.6	1.2	—	
	IV	—	0.1	—	—	0.5	—	0.1	—	3.2	0.3	1.3	0.6	8.8	0.3	0.6	0.9	
	1958	—	—	—	—	0.6	—	0.1	0.1	2.3	0.1	1.0	1.1	8.0	0.7	0.9	—	
	I	—	—	—	—	0.3	—	0.2	—	2.1	—	1.3	0.3	4.7	0.3	0.3	—	
	II	...	...	—	—	0.7	—	0.3	—	1.0	—	1.1	0.9	20.3	0.5	0.7	—
10. Oceania	1948	—	1.4†	—	—	8.3	10.8	...	...	0.6	3.6	1.7	4.2	18.0‡	20.9‡	1.2	8.5
	1953	—	1.1	—	—	8.7	9.2	0.2	—	0.6	6.6	2.1	2.5	10.2	14.5	6.0	4.8	
	1954	—	1.0	—	—	11.2	5.6	0.1	—	0.6	1.5	4.3	3.0	14.6	8.7	8.6	3.4	
	1955	—	1.3	—	—	10.2	4.6	—	—	0.2	1.9	4.5	3.6	3.7	16.7	11.2	6.3	
	1956	—	1.6	—	—	7.3	5.0	—	—	0.5	1.6	4.9	3.8	4.8	14.8	7.3	9.4	
	1957	—	1.7	—	—	6.9	5.7	—	—	0.3	1.5	5.4	4.5	5.2	16.6	10.2	12.1	
	III	0.1	1.4	—	—	7.0	6.0	0.1	—	0.5	1.7	4.1	5.4	5.3	20.5	8.0	12.6	
	IV	—	1.4	—	—	5.3	3.9	—	—	0.4	1.5	5.8	5.3	3.9	13.7	11.5	11.6	
	1958	—	1.5	—	—	8.4	2.6	—	—	0.5	1.7	5.5	4.5	5.3	14.7	7.6	7.7	
	I	—	—	—	—	4.9	3.2	—	—	0.6	1.9	4.9	4.9	3.7	14.4	10.8	13.4	
	II	...	...	—	—	10.3	2.1	0.1	—	0.6	2.2	4.5	5.4	4.6	37.7	9.6	15.8
11. Sterling area	1948	49.5†	36.5†	...	...	41.1	53.8	...	...	18.2	32.8	27.0	36.3	191.6‡	264.4‡	24.4	29.7
	1953	34.0	28.2	...	...	39.1	53.5	8.3	6.4	24.5	39.3	32.2	45.4	146.9	145.1	67.8	63.0
	1954	38.8	28.1	...	...	52.6	42.6	5.7	4.3	22.7	24.5	36.2	36.6	167.7	162.5	84.3	45.2
	1955	27.4	23.4	1.6	2.8	54.5	45.3	5.0	2.5	34.9	38.6	42.5	42.4	164.9	162.3	84.9	47.1	
	1956	29.1	19.6	2.2	4.3	48.3	46.8	8.3	3.1	32.7	42.8	46.1	48.0	164.1	172.4	84.1	61.0	
	1957	32.7	31.9	4.1	4.8	40.8	51.8	11.7	8.4	34.1	42.2	48.6	55.6	157.3	192.0	108.2	57.0	
	III	43.9	35.4	4.4	6.0	42.1	53.7	12.5	7.6	29.5	42.1	47.8	54.8	171.8	177.1	116.5	53.0	
	IV	25.6	31.5	3.5	4.4	33.5	47.8	2.7	12.2	47.3	42.3	52.3	54.2	146.9	196.3	161.0	55.0	
	1958	—	—	—	—	59.1	43.5	11.2	6.7	25.7	37.5	46.6	40.3	188.8	191.6	100.3	33.1	
	I	...	23.1	7.7	6.1	45.7	43.2	10.3	8.0	38.4	42.0	50.5	46.9	141.2	157.2	77.4	34.5	
	II	...	—	5.1	4.6	37.3	38.6	7.0	4.8	28.0	39.0	48.7	42.1	115.6	158.8	89.3	23.1	
	III	...	—	—	—	—	—	—	—	—	—	—	—	188.8	191.6	100.3	33.1	
12. ECAFE sterling countries ^a	1948	43.9†	13.8†	...	...	4.4	24.2	...	...	4.9	10.8	17.2	10.5	81.6‡	100.2‡	20.9	9.5
	1953	26.1	14.9	—	—	3.1	19.6	5.5	3.7	4.8	9.3	20.1	18.5	32.4	32.5	56.0	39.0	
	1954	31.9	14.4	—	—	6.0	18.5	4.8	2.4	5.4	6.7	19.4	14.3	31.2	49.1	65.3	23.0	
	1955	21.4	10.6	1.4	2.7	6.4	22.1	3.7	1.8	4.9	8.7	20.8	16.2	31.8	40.0	54.5	21.0	
	1956	25.3	7.6	2.2	4.1	5.2	21.2	6.7	1.8	6.1	9.1	21.6	16.7	28.1	31.2	55.6	29.0	
	1957	26.0	13.7	4.1	4.6	3.1	23.6	7.8	2.2	6.4	8.6	21.7	15.4	29.4	31.8	78.1	25.0	
	III	34.1	15.8	4.4	5.8	3.8	23.9	8.4	1.8	5.6	9.6	19.5	14.5	32.4	30.2	77.8	25.0	
	IV	17.8	10.8	3.5	4.1	2.9	24.8	2.5	3.1	5.6	9.6	23.3	13.4	22.4	30.9	127.5	17.5	
	1958	—	9.5	7.7	5.5	1.9	14.8	7.5	1.8	4.2	9.3	22.4	9.5	25.4	28.6	52.9	10.0	
	I	...	—	—	—	11.9	10.2	0.9	15.9	5.6	1.8	7.6	20.6	12.0	20.6	49.3	54.3	12.0
	II	...	—	—	—	—	4.4	18.1	8.6	1.9	6.2	8.8	17.7	10.4	32.3	32.3	57.8	21.0

GENERAL NOTES: (1) As complete breakdowns are not given, the sum of total trade of any individual country with different regions does not add up to the total given under trade with "all countries".
(2) See general note to table 6.
(3) Trade between the Federation of Malaya and Singapore is excluded.

a. ECAFE countries comprise:
i) Sterling countries—British Borneo, Burma, Ceylon, Hong Kong, Federation of Malaya, India, Pakistan and Singapore.
ii) Non-sterling countries—Afghanistan, Cambodia, China, Indonesia, Japan, Korea, Laos, Philippines, Thailand and Viet-Nam.
b. For 1948, including transit trade but excluding overland trade with Afghanistan, Burma and Iran.

7. DIRECTION OF INTERNATIONAL TRADE (*Cont'd*)

Quarterly averages or quarters

EXTERNAL TRADE

Expt.	Imp. or exports area of origin and destination	Year and Quarter	JAPAN		KOREA, southern		LAOS		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND ^a		VIET-NAM ^c			
			Exp.	Imp.	Exp.	Imp. ^d	Exp.	Imp.	Exp.	Imp.	Exp.	Imp. ^e	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.		
17.8	28.4	1948	64.6	170.6	9.9	66.9	154.6 ^f	101.4 ^f	79.4	146.5	130.8	152.9	51.4	30.0	—	—	—	—		
48.4	35.1	1953	318.7	602.4	6.1	55.4	109.7	87.5	101.0	114.2	171.3	191.4	87.1	75.8	—	—	—	—		
36.6	23.0	1954	407.3	599.8	4.5	65.0	104.2	89.7	81.2	101.3	120.7	177.8	190.3	73.0	67.8	—	—	—	—	
49.9	24.2	1955	502.7	617.9	0.4	4.7	100.2	72.3	100.2	136.9	227.2	234.0	90.8	75.0	17.2	65.8	—	—		
36.2	35.6	1956	625.2	807.4	6.2	96.6	88.8	85.0	104.1	112.8	126.6	223.2	253.1	83.6	92.4	11.3	54.4	—	—	
55.7	34.6	1957	714.6	1,071.0	5.6	110.0	10.4	84.2	110.0	107.3	153.6	226.5	267.7	91.4	102.4	19.9	72.1	—	—	
42.8	27.0	III	773.0	1,071.2	6.4	127.1	0.5	9.0	48.9	132.7	99.8	158.1	221.9	282.5	85.8	100.9	20.8	80.1	—	—
34.6	24.5	IV	763.0	869.0	3.5	86.9	0.4	14.7	89.3	112.6	87.4	148.3	226.9	244.0	88.9	99.3	23.0	74.5	—	—
25.9	20.1	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
32.0	17.4	I	711.1	803.4	3.3	106.9	0.4	9.7	107.8	107.8	103.6	151.9	216.0	276.2	91.8	102.4	14.9	53.9	—	—
17.2	26.9	II	680.1	775.8	—	—	0.4	6.3	52.1	108.6	123.9	131.4	208.0	266.7	78.3	101.8	15.8	62.8	—	—
43.0	34.8	III	688.0	732.4	—	—	1.2	7.3	55.0	90.1	128.7	126.2	187.5	226.2	72.0	89.6	9.2	54.8	—	—
41.8	23.8	IV	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
35.3	35.3	2.	1948	26.4	23.0	—	—	—	—	99.6 ^f	56.7 ^f	7.2	14.9	47.3	74.0	33.4	19.1	—	—	
36.9	33.3	CAFE countries ^b	1953	139.1	160.3	2.2	30.8	—	—	36.9	11.9	13.4	11.7	63.9	118.1	63.5	35.0	—	—	
54.7	34.1	including Japan	1954	167.7	139.5	2.5	27.2	—	—	26.4	15.4	14.4	17.6	59.5	115.6	50.0	32.8	—	—	
40.8	26.5	1955	174.3	177.2	2.8	9.1	0.5	2.9	36.7	15.7	16.8	25.5	70.6	151.5	53.8	36.2	5.6	17.4	—	
33.8	24.4	1956	217.9	191.0	2.6	4.9	0.6	5.5	29.7	11.1	22.8	26.2	82.0	159.1	51.2	46.8	1.4	19.7	—	
25.5	19.9	1957	240.6	202.7	3.8	5.5	0.2	6.1	26.8	21.8	22.7	35.7	92.7	165.7	58.5	48.0	3.9	24.0	—	
31.5	17.4	III	238.4	187.1	4.4	6.0	0.5	4.1	17.0	31.3	21.8	36.9	89.5	178.3	58.8	44.4	5.0	27.7	—	
IV	251.1	156.2	2.5	5.7	0.2	9.8	25.0	24.5	16.9	38.0	94.4	149.7	55.5	50.9	4.6	21.8	—	—		
0.1	0.7	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
0.4	0.1	I	241.6	156.8	2.0	4.4	0.3	5.3	15.3	20.4	18.5	43.9	102.4	180.6	59.5	52.3	5.0	18.4	—	
1.4	—	II	214.8	173.4	—	—	0.1	3.4	15.4	17.5	24.3	32.8	99.0	165.4	48.9	52.4	9.9	20.9	—	
6.6	0.1	III	181.8	133.2	—	—	1.2	4.9	18.2	26.1	28.6	40.7	82.0	140.3	38.1	40.6	0.8	15.8	—	
0.6	2.1	4.	Japan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
0.8	0.1	1948	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
1.2	—	1953	—	—	1.5	26.7	—	—	21.4	4.5	12.0	5.1	7.9	8.6	21.2	13.1	—	—	—	
0.6	0.1	1954	—	—	1.8	17.2	—	—	7.8	8.7	12.6	7.3	8.2	9.8	17.3	16.3	—	—	—	
0.9	—	1955	—	—	1.8	4.2	—	0.4	11.6	10.2	15.2	10.8	16.2	15.9	15.8	15.8	0.4	8.8	—	
0.3	—	1956	—	—	2.0	2.3	—	1.4	10.6	5.2	20.1	12.8	17.6	17.2	7.2	15.2	0.1	14.0	—	
0.7	—	1957	—	—	2.7	2.9	—	2.3	11.0	4.0	19.5	18.4	19.9	18.4	7.2	21.1	1.0	15.4	—	
1.2	8.5	III	—	—	3.0	2.6	—	1.5	4.8	5.2	19.6	21.7	20.9	16.9	3.3	17.9	1.3	18.8	—	
6.0	4.4	IV	—	—	1.8	3.5	—	3.4	10.0	3.4	15.4	17.0	15.2	18.1	4.9	20.2	0.3	11.8	—	
8.6	3.4	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6.3	3.1	4.	Western Europe	1948	6.8	4.9	—	—	—	—	33.4 ^f	26.8 ^f	13.2	4.8	34.3	38.5	3.6	5.5	—	—
9.4	4.1	excluding UK	1953	28.9	50.8	0.1	4.2	—	—	53.6	25.4	13.8	5.8	44.4	44.3	3.3	24.7	—	—	
12.6	4.5	1954	36.9	49.2	0.1	4.4	—	—	43.4	39.2	20.2	10.7	52.2	45.1	6.4	22.7	—	—		
11.6	3.1	1955	49.0	43.8	0.3	5.9	—	1.4	42.2	31.4	18.1	12.4	78.3	50.8	7.5	24.4	5.9	35.2	—	
7.7	4.1	1956	63.7	58.0	0.9	3.7	—	2.4	39.0	29.6	23.5	16.2	73.5	55.9	8.1	28.4	7.7	17.9	—	
13.4	1.0	1957	79.6	97.5	0.7	2.0	0.1	2.8	37.8	42.8	22.8	23.0	62.1	60.4	8.3	34.1	10.5	30.5	—	
15.8	0.2	III	86.7	99.5	0.7	1.8	0.5	3.0	17.4	40.3	25.1	24.8	67.2	60.4	6.8	32.6	8.7	36.3	—	
24.4	29.7	IV	81.6	70.6	0.5	2.7	0.1	3.0	44.8	47.2	18.1	23.3	61.2	52.8	6.4	30.1	16.5	37.4	—	
67.8	63.0	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
84.3	45.4	I	77.4	63.9	0.8	3.2	0.1	2.9	65.3	46.4	20.2	20.0	57.4	55.6	12.5	28.3	9.1	23.6	—	
24.9	47.5	II	61.4	71.4	—	—	0.2	2.1	24.7	33.5	15.2	19.4	54.6	53.8	11.4	27.2	5.6	24.6	—	
84.1	61.1	III	74.8	65.4	—	—	—	1.9	21.9	32.8	28.7	16.3	53.7	48.7	11.7	28.8	7.3	20.8	—	
108.2	57.0	IV	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
116.5	53.0	1948	4.2	1.3	—	—	—	—	13.4 ^f	20.4 ^f	0.8	1.3	16.1	24.9	1.2	2.8	—	—	—	
161.0	55.0	1953	8.3	12.2	0.1	0.6	—	—	21.1	14.4	1.3	1.1	21.1	31.0	0.6	10.0	—	—	—	
77.4	34.0	1954	12.8	9.3	0.1	1.5	—	—	17.4	23.2	1.2	2.3	22.1	27.8	1.8	8.1	—	—	—	
89.3	23.2	1955	15.2	9.5	—	1.1	—	0.1	15.2	17.8	1.4	3.2	35.8	32.3	1.8	8.6	0.4	1.1	—	
100.3	33.0	1956	15.8	16.6	0.2	0.6	—	0.3	13.6	14.4	1.7	3.8	33.0	34.7	2.6	10.6	0.1	0.9	—	
20.9	9.5	1957	18.4	24.6	0.2	0.3	—	0.6	13.4	21.0	1.8	5.8	25.1	36.6	2.8	11.6	1.6	1.8	—	
56.0	39.0	III	24.0	25.8	0.2	0.3	—	0.6	6.2	19.7	1.8	7.5	23.5	36.4	2.6	11.8	1.6	1.8	—	
65.3	23.0	IV	20.0	12.9	0.1	0.4	—	0.4	16.4	21.7	1.5	5.5	26.7	32.6	2.0	10.6	—	—	—	
54.5	21.0	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
55.6	29.0	6.	Western Europe	1948	1.1	0.6	—	—	—	—	6.2 ^f	1.1 ^f	2.0	0.1	8.5	0.7	—	0.3	—	—
78.1	25.0	1953	1.0	1.4	—	—	—	—	—	—	3.2	0.4	—	—	2.8	1.4	—	0.1	—	—
77.8	25.0	1954	1.3	1.1	—	—	—	—	—	—	2.0	0.7	—	—	0.1	2.1	0.9	—	—	—
127.5	17.0	1955	3.8	0.8	—	—	—	—	—	—	1.7	0.2	—	—	2.7	0.8	0.1	—	—	—
52.9	10.0	1956	0.6	0.8	—	—	—	—	—	—	1.3	0.4	—	—	5.3	1.0	—	0.5	—	0.1
54.3	12.0	1957	3.9	4.6	—	—	—	—	—	—	2.8	0.9	—	—	6.3	1.1	—	0.8	—	—
57.8	21.0	III	3.2	8.7	—	—	—	—	—	—	1.8	0.9	—	—	6.0	1.2	—	0.9	—	—
IV	8.3	4.1	—	—	—	—	—	—	—	—	4.5	1.1	—	—	8.7	0.7	—	0.6	—	—
54.5	21.0	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
ong Kong,	re,	I	4.6	1.9	—	—	—	—	—	—	5.5	2.1	—	—	5.1	0.7	—	0.7	—	—
Indo-	ns,	II	6.4	2.7	—	—	—	—	—	—	1.5	2.9	—	—	7.5	1.1	—	0.4	—	—
Viet-Nam,	—	III	6.0	2.0	—	—	—	—	—	—	2.2	2.1	—	—	10.0	1.2	—	0.5	—	—

7. DIRECTION OF INTERNATIONAL TRADE (Cont'd)

EXTERNAL TRADE

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	JAPAN		KOREA, southern		LAOS		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND ^a		VIET-NAM ^b			
		Exp.	Imp.	Exp.	Imp. ^c	Exp.	Imp.	Exp.	Imp.	Exp.	Imp. ^e	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.		
7. North America	1948	16.9	112.4	...	...	—	—	12.4 ^d	6.6 ^d	53.8	120.2	29.1	23.6	13.1	4.2	...	...
	1953	65.2	242.4	7.6	27.8	—	—	7.4	4.2	69.6	90.6	24.1	10.3	17.7	14.6	...	...
	1954	83.2	266.0	3.5	23.0	—	—	6.1	6.2	62.4	85.4	25.3	11.9	14.0	11.5	...	...
	1955	134.8	255.5	1.8	62.1	—	—	0.3	8.4	8.6	60.3	93.6	37.9	11.8	26.6	13.4	4.0	8.0	
	1956	164.5	358.6	2.7	82.1	—	—	0.8	8.5	6.8	61.0	79.2	28.0	15.1	21.0	14.9	2.0	15.0	
	1957	183.5	495.6	1.0	98.6	—	—	1.5	9.8	34.4	56.7	88.5	27.0	12.6	18.3	17.8	2.8	16.5	
	III	193.4	468.7	1.0	115.6	—	—	1.3	7.5	42.9	45.7	88.6	23.9	13.5	15.1	20.8	3.8	15.7	
	IV	243.7	485.7	0.7	74.2	—	—	1.8	8.8	32.3	47.5	82.9	26.6	11.5	21.0	17.6	0.8	13.5	
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	I	178.3	380.2	0.5	96.3	—	—	1.3	15.0	32.7	61.3	80.6	17.0	12.6	14.7	19.5	0.2	11.1	
	II	200.4	336.8	...	...	0.1	—	0.9	4.7	55.1	79.8	18.5	11.8	12.7	18.3	0.1	16.1	15.3
	III	203.4	309.9	...	...	—	—	0.5	3.7	20.9	68.4	60.6	17.3	10.1	13.5	17.9	1.1	13.3
8. United States of America	1948	16.4	110.4	...	...	—	—	12.0 ^d	6.0 ^d	52.4	117.7	26.7	21.5	13.1	4.1	...	...
	1953	58.5	189.4	7.6	24.0	—	—	7.2	4.1	69.0	87.8	20.2	9.5	17.5	14.2	...	...
	1954	70.7	212.3	3.5	21.9	—	—	6.0	5.2	61.6	81.6	21.2	10.9	13.6	11.0	...	...
	1955	114.3	193.5	1.8	60.9	—	—	0.3	7.7	8.0	60.0	89.0	32.4	10.7	26.2	12.8	4.0	7.9	
	1956	137.9	268.6	2.7	81.2	—	—	0.8	7.8	6.5	60.6	75.1	23.2	13.5	20.8	14.2	2.0	14.9	
	1957	151.6	406.6	1.0	98.5	—	—	1.5	9.6	30.1	56.2	84.3	22.4	11.4	18.1	16.9	2.8	16.4	
	III	175.0	399.4	1.0	115.6	—	—	1.3	7.4	44.9	45.4	84.9	19.4	12.0	15.0	20.2	3.7	15.5	
	IV	168.1	311.0	0.7	74.0	—	—	1.8	8.0	23.2	47.1	78.3	22.3	10.6	20.3	15.1	0.8	13.3	
	I	141.7	310.0	0.5	95.8	—	—	—	—	14.9	29.8	80.7	78.3	13.6	11.0	13.2	18.9	0.2	11.1
	II	159.2	267.0	...	...	0.1	—	—	4.5	49.9	79.1	70.3	14.6	10.7	12.7	17.4	0.1	15.0
	III	179.3	261.5	...	...	—	—	0.5	3.6	16.5	68.1	58.5	12.2	9.0	13.5	17.5	1.1	15.3
9. Latin American Republics	1948	0.4	20.9	...	...	—	—	1.8 ^d	0.2 ^d	1.3	3.6	0.9	0.8	0.2	—	...	...
	1953	26.1	66.2	—	0.5	—	—	0.5	—	2.8	0.2	3.7	0.1	—	—	...	...
	1954	50.3	77.2	—	0.3	—	—	0.9	—	3.0	0.7	4.9	0.2	0.1	—	—	...	...
	1955	44.8	60.7	—	0.3	—	—	1.6	—	3.6	0.7	8.1	0.2	0.2	—	—	0.4	0.4	
	1956	41.0	87.3	—	0.2	—	—	0.9	—	3.8	1.2	4.8	0.4	0.2	—	—	0.1	0.1	
	1957	37.3	77.1	—	—	—	—	1.2	2.8	3.6	0.9	9.2	0.4	0.2	0.1	0.1	0.2	0.2	
	III	40.5	98.2	—	—	—	—	0.6	5.9	5.8	1.0	13.2	0.9	0.2	0.3	0.1	0.1	0.1	
	IV	41.8	75.4	—	—	—	—	1.6	1.9	3.8	0.8	6.8	0.2	0.1	—	—	—	0.2	
	I	47.8	58.4	—	—	—	—	0.7	1.5	2.4	1.7	8.0	0.4	—	—	—	—	0.2	
	II	45.9	65.2	...	...	—	—	0.3	0.3	3.9	0.8	5.8	0.4	—	—	—	—	0.3
	III	48.9	64.2	...	...	—	—	0.6	—	1.8	1.4	3.9	0.3	—	0.3	—	—	—
10. Oceania	1948	1.1	2.1	...	...	—	—	0.5 ^d	0.3 ^d	0.2	1.8	6.8	7.6	—	—	...	...
	1953	3.6	50.2	—	3.4	—	—	1.4	0.5	0.2	0.3	15.5	7.4	—	1.0	...	...
	1954	8.8	34.0	—	0.7	—	—	1.6	0.5	0.2	0.8	15.3	7.2	—	0.6	...	...
	1955	17.2	50.8	—	0.2	—	—	1.4	0.6	0.3	1.3	17.4	7.8	0.1	0.8	—	0.2		
	1956	10.9	71.6	—	0.1	—	—	0.6	0.6	1.4	19.8	9.1	0.1	1.0	—	0.1	—	0.1	
	1957	14.6	109.4	—	—	—	—	0.5	4.6	0.2	2.7	16.1	10.2	0.2	1.1	—	0.1	—	
	III	16.4	100.6	—	0.1	—	—	0.2	5.5	0.2	2.7	15.1	10.6	0.3	1.2	—	0.2	—	
	IV	21.9	90.7	—	—	—	—	0.7	9.1	0.1	2.1	14.4	9.7	—	1.0	—	—	0.2	
	I	15.3	68.4	—	—	—	—	0.2	1.5	0.2	3.9	12.5	11.1	0.3	1.1	—	0.2	—	
	II	19.2	61.5	...	...	—	—	0.1	0.8	—	2.4	12.4	9.1	0.1	0.8	—	0.3	—
	III	22.8	73.6	...	...	—	—	0.5	0.4	0.5	2.3	10.8	8.3	0.1	1.7	—	—	—
11. Sterling area	1948	17.4	15.3	...	...	—	—	110.4 ^d	72.6 ^d	2.4	5.4	40.7	56.6	28.4	20.0	...	...
	1953	79.0	150.6	0.8	7.4	—	—	37.0	23.4	2.3	6.0	67.3	71.8	39.9	30.3	...	...
	1954	122.8	108.4	0.7	10.8	—	—	33.6	32.6	2.4	10.2	70.1	69.6	32.1	22.5	...	...
	1955	160.2	147.2	0.5	5.0	—	—	0.4	38.5	25.9	2.6	12.1	85.3	79.1	35.7	26.7	2.4	3.5	
	1956	171.2	204.4	0.7	2.2	0.1	1.8	32.4	20.7	4.0	12.4	84.8	87.3	38.8	40.0	0.6	2.3		
	1957	201.7	280.4	1.2	1.2	0.1	2.0	30.3	37.6	3.5	17.2	78.1	82.3	43.9	35.2	1.4	3.3		
	III	208.1	274.1	1.4	0.9	—	—	1.1	19.4	40.9	3.2	18.1	74.9	83.0	50.4	35.8	3.0	4.0	
	IV	227.1	223.1	0.8	2.0	—	—	3.2	31.6	45.4	2.1	16.5	72.7	74.4	41.2	36.1	0.8	4.7	
	I	182.6	187.3	0.3	1.2	0.1	1.8	35.0	37.5	2.4	17.9	65.2	88.4	49.0	33.6	2.2	3.6		
	II	174.2	193.9	...	—	—	1.2	17.0	27.0	2.4	14.0	64.4	85.8	37.9	34.9	4.2	4.4		
	III	176.7	236.3	...	—	—	2.2	19.0	26.2	3.2	14.4	61.0	77.9	37.8	29.3	0.4	2.4		
12. ECAFE sterling countries ^a	1948	8.8	10.9	...	...	—	—	96.2 ^d	50.8 ^d	1.4	2.2	17.5	21.4	26.3	16.4	...	...
	1953	47.8	82.1	0.7	3.3	—	—	13.2	6.6	0.6	4.5	26.0	29.0	37.8	19.1	...	...
	1954	72.0	60.2	0.6	8.5	—	—	11.6	6.3	0.7	6.7	27.2	21.2	28.0	13.7	...	...
	1955	87.3	74.6	1.0	3.8	—	—	0.2	16.9	5.5	0.7	7.3	25.5	31.7	31.6	17.0	1.9	2.3	
	1956	99.2	92.2	0.5	1.6	0.1	1.3	13.8	4.6	1.6	7.1	29.1	34.6	34.5	26.6	0.5	1.2		
	1957	111.0	105.2	1.0	0.9	0.1	1.4	12.0	11.1	1.4	8.2	30.9	31.4	38.0	21.9	1.3	1.5		
	III	103.5	110.8	1.2	0.5	—	—	0.5	10.0	15.2	0.8	7.4	30.3	32.7	45.2	21.9	3.0	2.1	
	IV	118.5	77.8	0.7	1.6	—	—	2.7	10.2	13.8	0.3	7.8	25.6	28.5	36.1	24.1	0.8	1.9	
	I	107.4	67.1	0.1	0.8	0.1	1.3	5.9	11.9	0.5	7.0	23.9	31.7	39.0	21.5	2.1	1.6		
	II	87.9	80.0	...	—	—	0.9	6.3	9.7	0.7	5.7	24.3	29.6	31.0	22.2	4.2	2.0		
	III	81.8	80.9	...	—	—	2.1	5.3	11.2	0.6	4.5	24.2	31.2	31.2	18.9	0.3	1.1		

c. Figures for trade with the Netherlands are as follows:—

	Exp.	Imp.		Exp.	Imp.
1951	66.6	26.0	1957	40.7	19.6
1952	50.0	31.1	II	40.1	21.8
1953	48.4	22.4	III	39.5	17.8
1954	41.8	16.4			

EXTERNAL TRADE

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS

Monthly averages of calendar months

Millions

									1957		1958				
	Country and commodity	1952	1953	1954	1955	1956	1957		III	IV	I	II	III	Oct	Nov
0.0	BURMA (<i>kyat</i>)														
0.1	Food	9.1	9.4	10.3	8.0	6.8	10.9	8.9	12.6	9.7	10.5	9.5	9.5	13.3	
0.1	Chemicals	3.9	4.1	4.6	5.4	7.1	10.3	10.8	9.4	7.0	3.7	4.3	7.0	7.2	
0.1	Textiles	30.6	24.0	24.1	16.6	22.4	33.0	38.7	20.1	17.9	14.1	14.6	22.9	12.9	
0.1	Base metals and manufactures	3.1	7.3	9.4	8.4	6.9	14.1	14.6	18.4	14.8	5.1	10.1	7.9	9.6	
0.1	Machinery	4.7	5.8	7.8	7.3	10.1	12.0	14.8	13.8	20.4	11.8	20.6	9.8	10.4	
0.1	Transport equipment	2.2	2.0	4.6	5.7	6.3	11.2	13.7	13.7	11.5	4.0	7.2	3.1	2.9	
0.1	Other manufactured goods	11.6	9.2	11.2	9.3	9.7	13.9	13.9	14.1	13.1	7.8	7.3	8.3	9.4	
0.2	CAMBODIA (<i>riek</i>)														
0.2	Food	11.2	10.0	14.0	14.8	18.4	23.7	25.2	22.9	19.3	19.5	19.7	21.1		
0.2	Beverages and tobacco	22.4	22.8	9.0	5.2	6.7	6.8	9.0	9.6	6.7	8.5	8.9	7.4		
0.2	Mineral fuels	9.8	13.6	11.8	9.9	5.3	6.5	3.7	5.3	6.1	2.2	1.2	0.2		
0.2	Textiles	24.5	26.9	27.8	33.4	35.0	33.3	67.1	61.4	28.7	42.5	34.3	21.3		
0.2	Base metals and manufactures	7.8	10.1	13.1	13.6	20.0	26.5	26.6	42.8	16.1	16.9	14.8	23.4		
0.2	Machinery	4.3	5.6	11.3	16.1	11.9	11.7	8.4	31.7	34.3	25.9	28.1	19.4		
0.2	Transport equipment	11.8	10.2	10.8	15.1	11.3	13.2	13.4	46.4	27.7	19.8	17.0	18.1		
0.2	CEYLON (<i>rupee</i>)														
0.2	Food	63.9	64.6	53.8	50.3	56.7	59.4	68.4	50.2	52.5	40.7	69.2	54.1	82.9	
0.2	Cereals and cereal preparations	40.5	43.4	33.0	26.1	28.3	29.0	30.7	25.2	18.5	18.2	33.5	17.7	43.3	
0.2	Mineral fuels, lubricants and related materials	12.7	12.1	9.9	12.0	10.6	18.7	20.9	19.7	10.4	9.8	12.6	12.6	17.2	
0.2	Chemicals	5.1	5.4	6.1	7.6	8.2	10.1	8.3	7.9	9.6	6.7	8.4	7.3	12.6	
0.2	Textiles	17.2	13.5	12.2	11.3	13.4	13.6	13.0	11.7	14.6	10.0	15.4	17.4	19.3	
0.2	Machinery	7.8	7.7	5.7	7.1	8.7	9.5	8.5	8.2	9.5	7.7	10.0	21.9	7.7	
0.2	Transport equipment	8.2	7.0	4.8	5.9	6.9	7.3	5.7	7.2	8.5	8.5	7.1	8.8	10.0	
0.2	Other manufactured goods	21.7	19.3	20.0	21.8	25.1	25.3	23.1	24.3	24.2	20.9	24.8	24.3	20.7	
0.2	CHINA (Taiwan, new Taiwan dollar)														
0.2	Food	30.6	35.3	43.7	26.6	42.4	33.6	33.5	51.6	60.5	8.6	73.4	32.8	7.1	
0.2	Crude materials, inedible, except fuels	24.7	52.2	66.9	63.5	92.1	107.4	125.7	86.5	98.8	68.5	107.3	93.4	100.6	
0.2	Oil-seeds, oil nuts and oil kernels	11.6	15.6	17.5	19.0	23.3	25.0	24.0	26.8	22.6	12.3	30.1	7.1	18.7	
0.2	Textile fibres, raw	2.3	25.7	31.8	31.8	37.1	43.7	62.5	21.9	44.7	31.7	53.4	31.1	43.3	
0.2	Mineral fuels, lubricants and related materials	9.4	10.9	9.3	21.3	26.2	45.3	42.7	70.0	38.2	19.4	30.3	44.2	78.8	
0.2	Chemicals	48.8	33.3	47.6	44.8	75.7	62.1	64.7	44.3	96.3	104.0	88.0	39.2	234.7	
0.2	Textiles	25.5	15.4	6.4	4.4	3.9	3.9	1.4	9.3	1.1	0.7	0.8	0.8	0.5	
0.2	Base metals and manufactures	20.5	23.1	29.0	25.9	45.7	48.0	54.7	54.0	43.7	40.5	50.9	72.7	43.8	
0.2	Machinery	19.5	25.3	33.5	43.8	60.6	74.9	80.5	118.9	69.4	53.7	58.4	82.6	118.6	
0.2	Transport equipment	6.4	11.1	8.6	8.0	14.2	16.6	13.5	18.6	25.7	30.1	20.8	11.0	13.1	
0.2	Other manufactured goods	18.0	34.8	20.0	16.9	26.7	33.4	43.2	36.2	29.1	25.9	30.7	24.6	24.0	
0.2	FEDERATION OF MALAYA* (<i>Malayan dollar</i>)														
0.2	Food	47.3	35.1	39.8	43.7	44.0	45.1	41.6	46.3	41.0	43.4	45.1			
0.2	Cereals and cereal preparations	21.6	12.0	14.5	15.6	15.5	16.8	15.3	18.1	...	...	...
0.2	Crude materials, inedible, except fuels	8.5	11.5	14.1	16.5	17.3	20.4	16.9	15.8	15.0	15.3	18.3			
0.2	Metal ores and scrap	3.0	3.9	5.3	5.9	7.3	8.0	8.8	4.7	...	...	...
0.2	Mineral fuels, lubricants and related materials	9.0	9.6	10.5	11.3	12.5	13.1	11.1	11.7	11.4	10.3	14.1			
0.2	Textiles	6.8	7.4	8.9	8.3	8.4	8.6	8.2	8.2	...	...	...
0.2	Machinery	9.1	8.2	8.3	10.6	11.7	12.8	11.0	11.0	...	...	...
0.2	Transport equipment	5.2	4.1	6.2	8.6	8.6	9.3	8.9	9.3	...	...	...
0.2	Other manufactured goods	20.5	19.6	23.7	26.8	27.3	27.3	24.3	24.0	...	...	...
0.2	INDIA (<i>rupee</i>)														
0.2	Food	193.2	94.3	81.7	89.2	39.8	71.6	74.5	107.5	68.2	111.9	75.3	102.6	217.2	
0.2	Crude materials, inedible, except fuels	133.7	74.9	72.7	94.2	99.6	93.5	95.7	61.2	71.4	74.8	61.4	59.7	50.0	
0.2	Cotton raw and waste	97.4	41.5	47.9	44.6	44.7	40.5	39.7	16.4	29.1	37.3	82.2	19.8	16.4	
0.2	Petroleum and products	65.8	66.0	72.5	78.3	90.4	89.6	86.2	106.7	63.8	54.5	60.2	45.5	57.7	
0.2	Chemicals	35.8	33.5	41.9	44.0	49.0	64.0	70.3	54.2	51.3	48.0	60.4	61.5	41.8	
0.2	Base metals and manufactures	43.5	38.6	45.3	69.0	131.2	191.2	170.8	201.7	130.3	106.7	110.7	101.4	96.8	
0.2	Machinery	86.5	65.8	75.7	76.9	127.5	194.1	188.9	226.9	191.8	136.3	138.5	117.0	122.6	
0.2	Transport equipment	41.0	22.2	31.7	56.2	64.4	63.2	59.1	63.2	45.0	46.5	45.4	32.7	57.0	
0.2	Other manufactured goods	56.8	49.3	55.8	68.2	90.8	66.4	65.0	59.4	43.4	31.8	43.0	42.1	37.5	
0.2	INDONESIA (<i>rupiah</i>)														
0.2	Live animals, food products, beverages and tobacco	215.1	131.9	96.0	63.3	176.1	131.5	128.4	128.1	121.8	107.5	96.4	114.1	140.1	
0.2	Chemicals and allied products	46.0	40.9	37.0	53.6	55.8	59.8	48.2	59.5	48.4	37.0	31.6	45.2	42.7	
0.2	Textiles, apparel and footwear	219.1	212.9	173.8	175.0	202.0	165.5	129.6	146.0	90.7	103.1	131.0	81.5	45.4	
0.2	Base metals and manufactures	94.6	67.9	63.1	70.4	79.3	110.9	121.4	80.5	70.3	50.8	42.9	40.1	39.4	
0.2	Machinery and transport equipment	162.7	136.3	115.7	102.4	144.6	134.0	144.8	116.6	118.1	95.1	72.8	68.3	60.2	

EXTERNAL TRADE

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

Country and commodity	1952	1953	1954	1955	1956	1957	1957		1958				
							III	IV	I	II	III	Oct	Nov
JAPAN (thousand million yen)													
Food	17.86	18.12	19.30	18.34	16.47	17.06	17.29	17.50	15.21	17.20	16.01	13.64	13.60
Cereals and cereal preparations	12.98	12.98	14.66	13.20	11.08	9.36	9.15	9.11	9.12	11.18	9.96	7.94	7.51
Sugar and sugar preparations	3.53	3.79	3.39	3.64	4.02	5.08	5.36	5.49	3.97	3.57	3.99	3.40	3.28
Crude materials, inedible, except fuels	3.17	34.63	33.78	36.77	51.31	60.29	54.92	44.95	42.93	39.98	36.68	34.70	33.95
Oil-seeds, oil nuts & oil kernels	1.16	2.41	2.91	4.41	4.01	4.23	3.55	3.80	4.74	3.71	3.96	2.75	3.15
Crude rubber	1.48	1.51	1.30	2.24	2.66	3.05	3.12	2.40	2.34	2.33	2.49	3.02	2.98
Textile fibres, raw	17.91	19.98	18.54	17.57	23.16	23.86	18.69	18.86	21.00	20.24	15.80	15.21	14.60
Metal ores and scrap	4.36	5.20	5.13	5.57	13.70	20.78	20.77	13.29	8.65	7.58	7.48	7.26	6.82
Mineral fuels, lubricants and related materials	7.02	8.66	8.02	8.67	12.38	20.39	20.31	19.78	16.15	14.42	14.92	17.78	14.98
Chemicals	1.33	2.08	1.92	2.41	4.90	5.50	5.20	4.39	4.85	4.70	4.93	5.14	4.94
Machinery	2.72	2.79	3.77	3.29	3.93	7.26	7.82	8.69	9.81	9.89	8.71	7.08	6.99
Transport equipment	1.28	2.03	1.55	0.68	0.92	1.41	1.36	1.34	1.50	1.25	0.97	1.51	0.61
Other manufactured goods	1.74	2.68	2.54	2.41	5.68	15.26	20.28	6.62	4.75	4.38	4.52	3.72	3.66
KOREA, southern (hwan)													
Food	258	821	276	555	452	922	1,327	969	737	721	606	791	554
Cereals and cereal preparations	230	697	122	78	65	558	840	525	348	186	...	17	225
Beverages and tobacco	24	67	126	198	220	224	255	171	201	176	166	171	179
Crude materials, inedible, except fuels	22	103	106	115	120	206	175	369	439	401	426	408	495
Chemicals	114	306	351	693	370	325	239	426	489	441	492	514	592
Textiles	67	229	604	1,273	663	345	186	630	386	466	...	365	474
Machinery	12	42	203	276	254	262	331	230	232	256	...	467	558
Transport equipment	4	21	113	52	79	48	61	38	48	51	...	27	34
Other manufactured goods	71	223	461	862	711	522	922	768	796	...	1,092	1,088	b.
LAOS (kip)													
Food	...	...	...	15.2	18.0	17.0	20.9	18.8	17.3	14.8	12.9	...	...
Cereals and cereal preparations	...	...	...	7.4	10.5	6.2	5.6	9.8	3.2	2.1	5.2	...	...
Petroleum products	...	...	...	2.3	4.0	4.8	5.2	8.1	7.2	5.2	11.8	...	...
Chemicals	...	...	...	2.9	5.6	8.4	11.4	11.8	6.1	3.8	3.8	...	...
Textiles	...	...	...	9.1	23.0	26.0	46.7	12.5	26.2	8.9	5.7	...	...
Machinery	...	...	...	3.9	6.9	7.8	7.2	8.0	12.0	7.4	7.2	...	...
Transport equipment	...	...	...	3.5	12.0	18.7	20.5	16.5	13.6	11.3	9.0	...	...
Other manufactured goods	...	...	...	11.5	24.6	28.1	22.8	45.7	24.7	15.4	9.5	...	...
NORTH BORNEO (Malayan dollar)													
Food	1.71	1.51	1.46	1.89	2.54	2.33	2.44	2.24	2.52	2.35	2.53	...	...
Mineral fuels, lubricants and related materials	...	...	...	0.48	0.44	0.51	0.48	0.46	0.39	0.33	0.29	0.41	...
Chemicals	...	...	...	0.24	0.32	0.41	0.44	0.43	0.42	0.41	0.42	0.50	...
Textiles	0.39	0.38	0.46	0.53	0.69	0.55	0.50	0.54	0.50	0.45	0.46	...	...
Machinery	0.48	0.70	0.70	0.57	0.68	0.89	0.96	0.75	0.77	0.88	1.08	...	...
Transport equipment	0.26	0.16	0.25	0.24	0.51	0.45	0.35	0.37	0.43	0.72	0.48	...	...
Other manufactured goods	...	...	1.17	1.59	2.01	2.02	1.98	1.86	1.84	1.92	2.05	...	...
PAKISTAN (rupee) ^a													
Mineral oils	8.5	8.3	8.3	9.5	8.3	7.4	7.6	7.4	7.4	5.9	4.7	8.8	...
Cotton piecegoods	23.0	1.2	2.5	2.2	4.3	0.7	0.2	0.2	0.1	—	0.1	0.1	...
Cotton twist and yarn	16.3	4.0	4.0	0.9	1.1	0.8	0.2	1.0	0.7	0.4	—	0.2	...
Iron and steel manufactures	14.0	4.9	5.6	8.3	9.7	18.8	18.6	20.8	25.3	18.4	15.2	19.7	...
Machinery	14.6	10.0	22.9	20.8	15.2	26.5	25.9	24.8	28.5	19.2	25.8	25.6	...
Transport equipment	7.0	2.1	3.7	4.1	5.5	7.5	13.2	13.2	12.7	9.5	5.1	...	...
PHILIPPINES (peso) ^a													
Food	12.8	12.8	13.2	17.1	14.7	18.1	17.3	19.7	19.8	14.7	19.8	...	28.1
Cereals and cereal preparations	5.8	3.6	4.3	6.2	4.4	6.3	5.1	8.0	7.5	6.8	10.4	...	15.1
Mineral fuels, lubricants and related materials	7.0	8.1	9.0	9.0	8.7	9.6	9.7	9.8	10.2	10.1	9.1	...	11.4
Chemicals	5.4	6.4	6.4	7.3	6.5	9.5	9.6	9.7	8.0	5.6	7.0	...	9.8
Textiles	12.8	12.5	13.7	14.2	9.9	13.1	11.7	13.1	11.9	9.5	6.8	...	7.8
Machinery	7.1	9.0	10.3	12.4	16.1	18.0	19.3	16.6	19.1	17.2	13.3	...	11.6
Transport equipment	3.6	3.6	4.2	5.0	4.8	5.6	7.5	4.7	5.2	5.0	4.2	...	4.0
Other manufactured goods	17.2	19.1	19.8	21.7	20.1	24.9	26.8	21.4	22.9	19.2	18.2	...	10.5
SARAWAK (Malayan dollar)													
Food	4.02	3.64	3.85	4.32	4.36	4.57	4.80	3.58	...	...	...	...	...
Mineral fuels, lubricants and related materials	22.95	22.44	22.40	24.93	26.80	27.38	28.04	25.53	...	...	...	...	...
Chemicals	0.23	0.53	0.70	0.82	0.79	0.80	0.88	0.74	...	...	...	...	...
Textiles	...	...	0.57	0.61	0.54	0.47	0.37	0.42	...	...	...	...	...
Machinery	0.48	1.08	1.19	1.21	1.20	1.20	1.26	0.87	...	...	...	...	...
Transport equipment	0.16	0.36	0.36	0.37	0.45	0.38	0.35	0.39
Other manufactured goods	2.10	2.37	2.38	2.13	2.17	1.89

SINGAPORE
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EXTERNAL TRADE

8. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

Country and commodity	1952	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
SINGAPORE (Malayan dollar) ^a							55.8	55.4	...	...	...	...	...
Food	13.4	12.3	...	...	...	...	...	...	...
Cereals and cereal preparations	113.2	110.9	...	...	...	...	...	...	...
Crude materials, inedible, except fuels	91.4	87.1	...	...	...	...	...	...	...
Crude rubber	59.1	65.2	...	...	...	...	...	...	...
Mineral fuels, lubricants and related materials	18.0	17.6	...	...	...	...	...	...	...
Textiles	12.6	14.0	...	...	...	...	...	...	...
Machinery	8.0	9.5	...	...	...	...	...	...	...
Transport equipment	35.3	39.2	...	...	...	...	...	...	...
Other manufactured goods	59.2	52.5	53.3	51.5	55.2	57.8	55.5	58.2	52.4
THAILAND (baht)	35.0	39.3	47.5	57.0	64.6	77.3	75.5	84.3	67.0
Food	24.6	28.2	43.9	48.1	54.5	62.8	63.8	60.1	53.3
Mineral fuels, lubricants and related materials	91.9	93.4	105.0	113.4	120.3	113.7	103.5	114.5	111.5
Chemicals	48.5	67.1	71.1	65.3	73.8	85.2	95.2	67.4	89.5
Textiles	44.1	46.7	44.6	48.7	53.1	73.7	76.7	62.6	64.5
Machinery	132.3	151.0	168.7	191.1	173.8	189.7	160.1	161.6	207.8
Transport equipment	84.8	111.1	122.0	89.6	82.2	75.9	79.0	68.8	54.2
Other manufactured goods	21.3	32.0	41.0	33.7	35.0	44.6	37.1	54.8	35.1
VIET-NAM (piastre)	209.6	231.4	190.1	111.2	123.5	127.3	146.9	144.0	119.3
Food	51.0	71.7	76.2	65.4	49.2	83.9	101.0	88.7	53.5
Petroleum and products	46.6	47.2	49.3	52.3	32.6	58.3	62.0	84.0	68.2
Textiles	5.0	4.6	3.8	4.9	5.2	3.9	2.8	4.0	3.2
Machinery	5.0	6.0	7.0	8.0	7.0	8.0	8.0	7.0	7.0
Transport equipment	5.0	6.0	7.0	8.0	7.0	8.0	8.0	7.0	7.0

GENERAL NOTE: See table 6.

a. 1952 to 1954 figures for Ceylon, 1952 to 1956 figures for India, reclassified by ECAFE secretariat, may not conform exactly to the new classification beginning from 1955 and 1957 respectively.

b. Including trade with Singapore.

c. Figures prior to 1957, relating to private account only. From 1957 onwards figures including government account.

d. Imports valued f.o.b.

e. Including trade with the Federation of Malaya.

f. See footnote j in table 6.

9. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS

Monthly averages or calendar months

Millions

Country and export	1952	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
BURMA (kyat)							82.6	70.7	79.4	68.1	72.3	66.7	74.0
Rice and products	2.2	2.0	2.4	2.7	3.7	3.1	2.7	1.4	3.0
Natural rubber	3.0	2.4	2.0	1.8	2.8	5.6	7.1	5.8	5.4
Teak	4.1	5.1	4.2	3.2	4.3	2.1	2.3	0.8	1.4
Raw cotton	5.0	4.6	3.8	4.9	5.2	3.9	2.8	4.0	3.2
Base metals and ores	38.5	69.5	9.3	20.6	55.6	46.3	32.1	112.8	81.8
CAMBODIA (riel)	8.0	16.9	12.5	15.9	14.8	11.9	17.4	8.8	11.0
Rice	25.8	34.3	51.1	42.2	47.7	45.2	57.5	48.1	26.5
Maize	60.3	68.8	93.6	99.5	87.0	90.5	64.8	92.2	70.6
Natural rubber	19.5	20.5	18.2	19.0	18.0	13.3	16.2	14.3	11.0
CEYLON (rupee)	31.1	28.1	23.8	29.2	24.4	25.0	19.7	27.2	26.1
Tea	72.0	111.2	70.2	79.6	127.6	191.0	107.4	109.0	300.4
FEDERATION OF MALAYA ^a (Malayan dollar)	18.6	17.4	9.4	37.3	34.4	37.0	41.0	51.6	92.7
Rice	9.9	8.1	10.7	12.3	18.4	16.2	24.3	20.1	19.4
Fruits, fresh, dried and preserved	7.1	8.8	12.1	7.0	10.2	11.8	16.7	14.4	6.1
Tea	72.0	111.2	70.2	79.6	127.6	191.0	107.4	109.0	300.4
CHINA (Taiwan, new Taiwan dollar)	11.4	107.2	74.7	75.3	132.0	114.8	108.7	105.1	111.3
Rice	9.8	1.9	1.7	1.8	2.7	4.3	5.5	7.1	4.1
Fruits, fresh, dried and preserved	7.8	1.9	1.7	1.8	2.7	4.3	5.5	7.1	4.1
Tea	11.6	7.3	7.2	7.2	8.3	7.7	9.2	7.3	6.4
Sugar	4.0	24.9	18.4	18.4	19.3	28.4	26.6	31.0	26.4
FEDERATION OF MALAYA ^a (Malayan dollar)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Food	111.7	118.7	144.8	131.2	157.6	149.3	173.4	161.5	128.3
Tea	67.3	65.9	109.4	94.3	118.5	102.8	119.4	127.4	89.9
Spices	19.5	14.5	12.0	8.8	7.7	7.0	5.4	5.6	9.5
Crude materials, inedible, except fuels	88.8	86.3	73.2	98.3	84.2	103.8	94.4	79.8	87.8
Hides and skins, undressed	4.9	4.9	5.7	5.8	5.1	5.8	6.3	4.1	5.5
Cotton raw and waste	20.3	16.7	15.4	28.9	20.9	15.6	7.4	6.6	7.8
Vegetable oils	22.8	7.9	7.4	31.2	17.4	9.5	11.2	4.0	7.7
Chemicals	6.1	4.4	4.7	4.1	4.5	4.8	5.4	4.8	4.0
Leather and manufactures	14.8	21.2	18.2	19.0	18.7	18.1	19.2	15.5	15.6
Cotton yarn and fabrics	60.4	53.1	59.7	53.0	51.9	57.2	55.4	47.5	49.4
Jute yarn and fabrics	136.1	92.0	101.2	102.9	94.6	49.6	50.4	40.8	49.7
Other manufactured goods	29.0	30.9	29.3	31.3	30.9	109.7	72.6	192.8	89.2

EXTERNAL TRADE

9. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

Country and export	1952	1953	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
INDONESIA (rupiah)													
Tea	22.3	22.5	37.9	29.7	28.1	28.4	27.5	28.1	24.1	23.6	24.5	27.8	22.9
Copra	54.0	61.8	55.1	40.4	42.8	40.5	49.5	53.8	10.7	5.8	13.7	22.3	27.5
Natural rubber	402.8	259.1	257.6	410.0	335.7	331.9	450.1	277.9	179.4	188.5	286.1	317.0	333.5
Tin ore	81.8	77.0	58.4	56.9	60.5	46.4	53.7	57.0	40.7	33.5	31.0	29.7	36.3
Petroleum and products	181.8	194.4	215.8	205.0	213.3	278.9	251.8	323.5	227.4	284.3	271.0	289.7	242.2
JAPAN (thousand million yen)													
Food	2.87	3.72	3.92	3.98	5.32	5.36	5.84	6.44	5.37	5.46	6.79	9.91	9.51
Fish and fish preparations	1.37	1.82	2.23	2.27	3.62	3.66	3.98	4.40	3.52	3.90	5.11	8.21	7.26
Crude materials, inedible except fuels	2.52	2.09	2.50	2.94	2.86	2.79	3.01	3.08	2.11	2.11	2.03	2.55	2.70
Textile fibres, raw	1.47	1.42	1.54	1.74	1.65	1.74	1.98	1.95	1.03	0.92	0.93	1.28	1.57
Chemicals	1.20	1.87	2.37	2.92	3.21	3.79	4.18	2.96	5.01	4.21	3.59	3.57	2.91
Textiles	10.99	11.27	16.50	17.55	20.81	24.44	25.86	27.72	21.65	21.05	19.18	20.74	20.70
Base metals and manufactures	10.22	5.62	7.51	11.61	10.24	9.70	9.69	11.53	10.36	11.23	10.09	12.94	11.35
Machinery	3.48	2.14	3.86	3.83	5.07	6.21	6.22	7.42	5.85	6.19	7.30	7.89	9.36
Transport equipment	1.08	3.52	2.20	3.57	9.56	12.75	14.81	10.64	16.11	10.75	10.04	12.62	7.82
Other manufactured goods	6.14	6.82	9.22	12.97	16.76	20.12	21.40	20.90	16.83	19.65	21.81	21.42	20.10
KOREA, southern (hwan)													
Food	19.8	52.0	67.4	42.7	58.5	152.4	202.3	185.8	69.1	109.5	52.7	472.0	257.0
Crude materials, inedible except fuels	131.7	235.0	426.6	566.5	841.5	585.5	505.9	468.3	420.7	577.3	622.7	667.0	655.0
Chemicals	3.5	16.2	31.5	47.0	35.8	23.8	18.8	7.6	0.3	0.1	1.7	3.0	—
Manufactured goods	6.9	17.8	26.5	64.7	108.4	169.2	270.8	148.1	136.4	180.9	189.0	202.0	53.0
LAOS (kip)													
Wood and lumber	...	...	...	...	1.00	0.28	0.13	0.24	0.29	0.38	0.11	1.62	...
Tin ore	...	...	...	...	0.75	1.34	1.50	1.20	1.52	0.90	1.80	1.20	...
Gums and resins	...	...	...	...	0.59	0.74	0.63	1.28	0.85	0.40	0.14	0.34	...
Plants for use in medicine and perfumery	...	...	...	...	0.09	0.24	0.13	0.10	0.04	1.22	0.26	—	...
NORTH BORNEO (Malayan dollar)													
Copra	0.62	0.73	1.15	1.18	1.94	2.00	2.42	1.92	2.24	2.62	2.99	...	...
Rubber	3.26	1.95	2.03	3.84	3.36	3.10	3.02	3.01	2.65	2.35	2.96	...	...
Timber	0.69	1.03	1.46	1.81	2.18	2.63	2.75	2.95	2.59	3.22	3.32	...	...
PAKISTAN (rupee) ^c													
Tea	2.7	2.9	3.9	2.9	4.5	2.0	0.7	3.3	1.3	1.1	4.1	5.1	...
Raw jute	58.0	47.6	45.4	58.0	62.6	65.2	30.7	89.5	130.2	34.1	32.4	93.5	...
Raw cotton	72.0	52.7	29.1	33.6	30.3	27.6	9.2	19.1	19.1	24.0	22.5	11.2	...
Raw wool	4.1	4.3	3.5	5.6	5.9	8.6	8.6	7.2	3.9	2.6	4.8	3.5	...
Hides and skins	2.8	3.3	2.8	2.6	3.3	3.4	2.2	3.2	2.5	3.3	4.2	1.1	...
PHILIPPINES (peso)													
Coconut and coconut preparations	20.3	26.3	27.4	25.4	29.3	28.8	31.3	27.7	23.9	27.0	35.0	...	40.3
Sugar and related products	16.8	17.0	18.4	18.6	17.6	14.9	7.7	6.7	21.0	28.2	16.2	...	11.5
Fibres and manufactures	7.4	7.2	4.9	5.1	6.5	7.1	7.7	6.2	4.9	4.5	5.3	...	5.5
Minerals and metals	5.8	5.9	5.9	6.7	9.2	8.7	8.5	7.8	4.3	4.9	6.7	...	8.7
Logs, lumber and timber	3.2	4.8	5.9	6.9	8.1	7.5	7.2	6.5	7.7	11.4	13.2	...	16.9
SARAWAK (Malayan dollar)													
Pepper	2.75	4.12	3.64	2.64	2.05	1.44	1.91	—	—	0.87	...	...	...
Rubber	5.43	2.64	2.87	6.64	5.86	6.20	5.90	—	4.17	—	—	—	...
Timber, sawn and logs	0.74	1.16	1.16	1.83	1.59	1.63	1.67	—	1.64	—	—	—	...
Mineral fuels, lubricants and related materials	25.08	24.42	24.46	26.74	28.85	30.51	30.65	—	26.08	—	—	—	...
SINGAPORE (Malayan dollar) ^d													
Rubber	...	...	...	...	10.4	98.1	...	...	...	...	...	...	...
Mineral fuels	...	...	...	...	41.0	42.2	...	...	...	...	...	...	...
Vegetable oils	...	...	...	...	4.0	4.9	...	...	...	...	...	...	...
Tin	...	...	...	...	11.6	11.1	...	...	...	...	...	...	...
THAILAND (baht) ^e													
Rice	219.1	312.2	257.2	261.1	238.4	301.9	309.8	258.5	368.1	257.1	224.4	79.1	111.5
Natural rubber	84.0	62.6	92.4	150.2	127.2	117.2	98.1	135.8	113.5	101.6	115.8	146.9	110.9
Teak	8.1	11.1	17.6	22.0	25.5	21.8	20.8	20.2	16.9	19.1	19.9	20.6	31.3
Tin ore and concentrates	18.6	25.0	31.1	36.7	42.3	44.3	43.2	55.2	17.6	20.9	23.0	33.7	22.0
VIET-NAM (piastre) ^f													
Rice and products	44.9	52.5	64.2	26.2	1.1	59.3	85.7	41.0	58.6	100.0	1.4	—	7.0
Natural rubber	71.8	70.5	68.7	122.7	107.0	140.8	130.6	193.4	107.2	63.3	93.3	88.4	122.4

GENERAL NOTE: See table 6.

a. Including trade with Singapore.

b. Figures for 1952 to 1956, reclassified by ECAFE Secretariat, may not conform exactly to the new classification from 1957.

c. Figures prior to 1957, relating to private account only. From 1957 onwards figures including government account.

d. Including trade with the Federation of Malaya.

e. Baht value is obtained by converting foreign currencies at free market buying rate.

f. See footnote j in table 6.

 RICE
 Burn
 Com
 Chin
 Viet
 SUGA
 Chia
 Indi
 Indo
 Japa
 Paki
 HIND
 IND
 N.
 Phil
 Sing
 PALM
 Fed
 Indo
 Sing
 GROU
 Indi
 Brus
 Bur
 Cam
 NATU
 NATU
 Cey
 Fed
 Indo
 N.
 Saro
 Sing
 Thail
 Viet
 Iran
 Paki
 COTTO
 (mil)
 Fed
 Si
 Hon
 Indi
 Japa
 JUTE
 Paki
 Indi
 HEMP
 Phil
 TIN C
 Burn
 Indo
 Thail
 TIN M
 Fed
 Sing
 PETR
 Brus
 Fed
 Sing
 Indo
 GE

10. QUANTITY OF EXPORTS OF MAJOR COMMODITIES
Monthly averages or calendar months

Thousand tons

Country and export	1948	1952	1953	1954	1955	1956	1957	1957		1 9 5 8				
								III	IV	I	II	III	Oct	Nov
RICE														
Burma	105.9†	109.4	86.9	129.6	141.5	162.1	155.7	177.8	98.6	119.4	163.6	111.4	...	...
Cambodia	...	17.5	11.5	24.7	8.4	5.8	19.2	18.9	11.0	35.4	27.7	12.9	5.4	4.1
China (Taiwan)	0.8	8.8	4.9	3.0	14.2	9.1	10.1	11.3	14.2	25.4	16.8	—	26.4	24.1
Thailand	67.7	118.8	113.3	83.5	104.0	105.5	131.4	130.7	103.5	142.9	76.4	83.3	28.3	41.0
Viet-Nam	...	12.8	8.6	14.6	6.8	0.4	15.7	23.7	9.3	13.4	17.9	0.4	—	...
SUGAR														
China (Taiwan)	21.3	38.3	72.9	43.5	48.8	50.0	62.4	28.8	32.4	119.1	47.8	62.9	40.0	37.1
India	...	...	...	...	...	...	16.4	24.3	8.5	7.0	7.0	8.3	14.7	6.9
Indonesia	5.3	0.1	7.8	17.7	14.7	14.1	12.2	16.9	25.5	5.5	—	19.4	7.3	6.3
Philippines	18.1	66.1	64.3	72.4	77.2	71.9	59.3	28.0	26.8	88.4	110.1	67.2	...	...
TEA														
Ceylon	11.2	11.9	12.8	13.6	13.6	13.2	13.3	14.9	10.1	14.2	11.4	17.2	14.2	15.1
China (Taiwan)	0.6	0.8	0.9	1.3	0.6	0.9	1.0	1.4	1.0	0.5	1.0	1.5	0.8	0.8
India	13.2	15.5	18.8	16.8	13.6	19.5	16.5	18.7	21.1	16.2	12.0	21.4	26.6	26.4
Indonesia	0.7	2.7	2.4	3.4	2.4	2.9	3.0	3.1	3.0	2.9	2.8	3.0	3.5	3.2
Japan	0.3	0.8	1.1	1.4	1.2	0.9	0.9	1.1	1.3	0.8	0.3	0.9	0.7	0.4
Pakistan	1.2	0.9	1.0	0.8	0.4	0.8	0.3	0.1	0.5	0.2	0.2	0.6	0.8	...
HIDES & SKINS														
India (net exports, tons)	1,066	1,288	539	630	366	276	459	545	363	310	397	260	179	733
Pakistan (thousand pieces)	869‡	719	898	811	749	878	856	573	784	635	795	1,121	281	...
COPRA ^a & COCONUT OIL														
Ceylon	9.2	11.2	9.1	8.3	11.8	10.3	6.4	7.9	7.2	4.9	1.3	6.9	8.9	4.5
Federation of Malaya (coconut oil)	1.6	3.6	4.0	3.7	4.8	6.0	4.7	5.4	4.4	3.6	3.6	3.8	5.0	1.1
Indonesia (copra)	12.1b	18.3	16.3	15.8	12.5	13.8	15.4	16.2	21.6	3.3	1.2	3.7	6.4	7.4
N. Borneo	0.3	0.6	0.7	1.4	1.9	3.2	3.4	4.3	3.2	3.2	3.6	3.5	...	...
Philippines	35.3	41.9	36.6	45.5	48.4	59.8	57.6	61.8	51.3	42.7	45.1	57.9	...	...
Singapore (coconut oil)	2.2	2.0	1.1	3.0	2.9	2.7	3.7	4.0	4.8	2.7	1.9	2.4	3.4	1.3
PALM OIL														
Federation of Malaya	1.4	1.2	1.9	2.2	2.2	2.2	2.9	3.5	3.8	3.2	3.4	3.7	8.7	3.0
Indonesia	3.3	10.4	11.3	11.7	10.5	10.4	10.8	19.2	13.0	7.1	9.5	13.7	13.8	15.0
Singapore	2.6	2.7	2.2	2.1	2.3	2.4	1.9	2.1	1.3	1.3	1.4	2.2	1.7	4.0
GROUND NUTS ^a & OIL														
India	5.5	5.6	1.7	2.5	14.8	2.8	0.4	0.2	0.4	0.2	0.2	0.3	0.4	0.3
NATURAL RUBBER														
Brunei	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Burma	0.8	1.2	0.9	1.0	1.0	1.0	1.1	0.9	0.5	1.1	1.0	1.0	1.0	1.0
Cambodia	...	1.4	1.5	2.0	2.2	2.4	2.6	2.7	3.7	2.4 ^c	1.7	2.4	2.3	2.8
Ceylon	7.8	7.6	8.2	7.6	8.2	7.3	8.0	6.5	7.7	9.7	3.9	8.9	6.1	11.1
Federation of Malaya	32.6	28.3	27.5	35.3	37.9	36.6	38.9	35.6	45.0	39.3	36.9	37.1	45.2	43.3
Indonesia	36.6	61.8	57.1	61.7	61.1	56.6	56.4	74.2	51.0	35.7	40.6	61.5	62.9	62.9
N. Borneo	1.7	1.6	1.4	1.4	1.7	1.7	1.7	1.6	1.8	1.7	1.5	1.5	1.9	1.7
Sarawak	3.4	2.7	2.0	1.9	3.3	3.5	3.5	3.2	3.4	2.7	3.0	3.7	3.4	3.0
Singapore	24.8	20.1	20.7	13.1	15.6	15.7	16.1	11.6	23.8	17.5	11.0	20.3	16.4	21.0
Thailand	8.1	8.3	8.1	9.9	11.0	11.3	11.3	9.1	13.5	12.6	11.7	12.2	12.9	10.5
Viet-Nam	...	5.3	5.0	4.6	5.2	5.3	6.1	5.8	7.0	6.0	3.8	6.2	7.2	5.6
COTTON, RAW														
India	8.0	4.4	3.8	2.3	7.9	5.9	3.4	0.7	1.5	3.0	9.0	7.4	6.7	3.7
Iran ^d	0.6	2.1	3.0	3.7	3.2	3.3	2.2	7.8	...	...	...	...	...	...
Pakistan	13.6	20.4	23.6	11.8	14.0	10.9	9.6	3.4	7.1	7.3	9.2	9.4	5.0	...
COTTON YARN (tons)														
Federation of Malaya and Singapore	22	119	113	54	9	44	11	1	23	14	2	97	77	75
Hong Kong	...	1,300	1,190	1,172	1,228	1,183	1,262	1,095	1,124	1,020	1,229	1,236	1,565	1,225
Japan	458	1,117	801	1,117	991	1,032	1,217	1,328	906	1,275	959	864	723	580
COTTON PIECE GOODS (million sq. metres)														
Federation of Malaya and Singapore	7.5 ^d	9.6	8.0	2.7	5.0	4.5	4.5	3.6	4.0	5.3	3.6	3.6	4.3	5.4
Hong Kong	...	10.1	9.3	11.3	11.5	9.8	13.7	14.2	13.8	18.6	21.1	18.2	26.3	23.6
India (million metres)	23.5	45.7	50.0	65.6	56.9	56.7	67.1	63.3	54.6	74.0	41.5	43.7	51.7	43.3
Japan	28.2	52.0	63.7	89.0	79.3	87.9	102.3	102.5	112.9	92.3	85.2	77.3	79.7	85.6
JUTE														
Pakistan (raw)	28.1 ^d	70.0	81.7	74.3	81.8	71.5	65.4	31.2	90.1	132.8	41.0	35.5	100.2	...
India (bag and cloth)	78.4	60.0	60.3	67.8	79.6	67.9	65.9	76.1	65.1	54.6	47.0	66.7	...	...
HEMP, RAW														
Philippines	6.2	9.1	9.3	8.2	9.3	10.2	9.6	10.5	8.4	7.7	7.5	8.2	...	...
TIN CONCENTRATES (tons)														
Burma	155	118	83	52	79	71	72	84	113	114	79	126	137	193
Indonesia	2,753	2,929	2,771	2,874	2,689	2,638	2,318	2,512	2,513	1,826	1,627	1,531	38.3	...
Thailand	479	825	863	806	935	1,052	1,130	1,157	1,301	459	537	608	848	557
TIN METAL (tons)														
Federation of Malaya	2,398	3,140	2,955	3,134	3,204	4,399	4,252	5,067	4,399	3,952	2,964	2,862	3,336	4,115
Singapore	1,595	2,286	2,274	2,816	2,821	1,806	1,763	1,100	1,232	1,106	773	632	286	124
PETROLEUM & PRODUCTS														
Brunoi (crude oil)	224	423	406	398	433	469	455	467	446	423	408	437	...	...
Federation of Malaya and Singapore	82	204	225	235	268	239	206	165	196	207	191	147	193	114
Indonesia	321	617 ^c	815 ^c	827 ^c	808 ^c	877	1,301 ^c	1,115	1,320	957	1,179	1,115	1,218	962

GENERAL NOTE: For Federation of Malaya and Singapore: Trade between Singapore and Federation of Malaya is excluded.

a. In terms of oil equivalent.

b. Excluding exports to Singapore from Indonesia.

c. Annual data: 12 months ending 21 July of year stated.

d. Million metres.

EXTERNAL TRADE

11. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE

1953=100*

Country and trade	1950	1951	1952	1954	1955	1956	1957	1957		1958				
								III	IV	I	II	III	Oct	Nov
<i>A. Quantum</i>														
BURMA														
Imports	64†	69†	104	123	104	88	132	136	128	111	58	70	... 124	... 91
Exports	79†	113†	115	130	145	163	150	171	98	112	149	118	...	
CEYLON														
Imports: ^b General	84	94	96	99	97	106	112	137	94	105	79	129	108	170
Exports: ^b General	92	93	97	103	109	104	99	112	86	108	77	130	145	108
Tea	89	91	94	108	108	104	111	126	82	118	88	155	156	119
Rubber	123	107	97	100	106	101	139	117	112	128	60	88	169	130
All coconut products	83	94	109	96	118	113	82	101	96	68	53	105	120	79
Imports														
(Central Bank index)	88	99	99	93	96	105	111	115	97	105	79	124	104	162
Consumer goods	89	95	98	89	95	106	107	113	96	107	76	132	110	176
Capital goods	85	109	104	103	104	102	125	123	96	100	90	101	88	121
CHINA (Taiwan)														
Imports (ordinary and ICA)	...	...	81	105	98	94	102	107	115	116	87	117	...	...
Crude materials	...	...	61	107	103	101	122	142	106	114	87	130	...	...
Chemicals	...	...	136	144	126	127	102	108	50	167	207	143	...	...
Machinery & transport equipment	...	...	57	83	82	81	117	118	186	121	109	94	...	...
Exports	...	...	67	69	86	83	97	69	72	173	99	109	...	...
Food	...	...	65	58	85	81	96	65	69	178	93	97	...	E
FEDERATION OF MALAYA and SINGAPORE ^c														
Imports	99	131	116	107	128	140	139	149	128	149	137	129	...	IND
Exports	121	128	109	110	118	127	130	135	138	137	130	125	...	IND
INDIA ^d														
Imports: General	...	...	108	118	125	147	168	160	143	141	130	115	...	...
Food, drink and tobacco	...	...	165	144	70	56	...	...	...	...	...	...	JAP	...
Raw materials and semi-manufactures	...	...	100	105	99	102	...	...	...	...	...	...	PAN	...
Manufactures	...	...	88	115	159	203	...	...	...	...	...	...	PHL	...
Exports: General	...	...	100	105	115	110	119	128	118	111	87	120	...	...
Food, drink and tobacco	...	...	102	109	103	117	...	...	...	...	...	...	THA	...
Raw materials and semi-manufactures	...	...	139	114	171	123	...	...	...	...	...	...	...	...
Manufactures	...	...	86	101	101	102	...	...	...	...	...	...	...	...
JAPAN ^e														
Imports: General	45	67	74	104	109	138	172	170	141	140	140	144	142	132
Foods	56	77	93	117	117	107	102	101	105	102	114	114	96	95
Raw materials	48	68	71	97	106	144	162	148	128	129	131	129	124	123
Mineral fuels	25	51	65	100	106	133	190	191	192	173	163	177	216	177
Chemicals	12	49	57	93	146	202	223	213	180	202	202	222	222	227
Machinery	5	42	54	113	93	126	219	203	165	241	226	241	259	189
Exports: General	78	87	92	133	174	208	232	248	246	239	227	227	257	238
Foods	40	51	78	93	105	136	136	157	162	146	136	163	227	227
Chemicals	34	45	55	126	162	207	260	286	214	391	336	291	285	227
Manufactured goods	81	89	94	140	188	222	250	269	265	255	245	239	269	244
Textiles	100	100	86	149	179	204	239	255	269	217	211	199	214	216
Metals	113	120	169	148	226	165	145	140	180	173	203	191	259	228
Machinery	51	54	64	112	157	290	346	396	313	379	282	280	313	250
PHILIPPINES														
Imports ^f	80	100	90	111	125	123	137	137	131	127	115	108	108	120
Exports	85	96	107	111	121	138	127	124	108	121	141	144	129	159
THAILAND														
Exports	114	112	100	87	108	112	125	117	121	125	101	94	71	...
VIET-NAM ^g														
Imports	72	75	103	113	90	77	95	103	94	72	89	80	67	90
Exports	111	153	123	113	132	85	155	174	174	118	141	91	87	107

EXTERNAL TRADE

11. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE (Cont'd)

1953=100^a

Country and trade	1950	1951	1952	1954	1955	1956	1957	1957		1958				
								III	IV	I	II	III	Oct	Nov
<i>B. Unit Value</i>														
BURMA														
Imports	189†	|| 129†	115	93	89	82	91	90	97	90	106	101	... 55	... 58
Exports	62†	|| 74†	94	77	62	62	60	59	59	57	60	55	... 58	... 61
CEYLON														
Imports: ^b General	86	102	110	88	89	99	96	103	97	88	90	86	84	85
Exports: ^b General	104	126	98	112	117	109	104	89	101	101	104	99	103	102
Tea	102	106	94	126	134	122	113	105	112	113	117	108	112	110
Rubber	100	165	114	88	101	98	93	90	87	75	77	78	84	83
All coconut products	114	134	83	94	79	79	85	84	85	89	93	93	94	100
Imports (Central Bank index)	84	101	108	92	86	90	95	96	94	90	89	88	86	86
Consumer goods	84	99	107	91	84	85	89	90	88	83	83	82	85	81
Capital goods	83	107	113	95	97	107	114	115	113	111	108	103	97	101
CHINA (Taiwan)														
Imports . . . . .	...	...	111	108	111	106	110	109	107	106	105	105	...	...
Exports . . . . .	...	...	113	105	110	105	116	122	122	103	105	90	...	...
FEDERATION OF MALAYA and SINGAPORE ^c														
Imports	96	120	108	|| 90	92	91	96	95	95	90	94	89	...	...
Exports	116	172	125	|| 94	120	110	105	104	100	92	92	94	...	...
INDIA†														
Imports: General . . . . .	...	...	109	97	97	|| 99	107	107	107	101	102	110	...	...
Food, drink and tobacco . . . . .	...	...	99	85	88	|| 90	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures . . . . .	...	...	104	99	97	|| 100	...	...	...	...	...	...	...	...
Manufactures . . . . .	...	...	115	99	98	|| 100	...	...	...	...	...	...	...	...
Exports: General . . . . .	...	...	109	107	98	|| 102	102	105	107	97	99	103	...	...
Food, drink and tobacco . . . . .	...	...	94	122	105	|| 111	...	...	...	...	...	...	...	...
Raw materials and semi-manufactures . . . . .	...	...	100	99	90	|| 103	...	...	...	...	...	...	...	...
Manufactures . . . . .	...	...	120	99	96	|| 93	...	...	...	...	...	...	...	...
INDONESIA														
Imports	84	116	110	91	91	88	87	98	86	92	85	100	...	...
Exports	111	160	113	96	109	102	98	99	100	95	85	88	...	...
JAPAN ^d														
Imports	90	124	114	96	94	97	103	104	103	96	92	84	82	83
Exports	82	122	108	96	91	94	97	97	97	93	94	95	94	94
PAKISTAN ^e														
Imports	91	116	102	98	105	110	124	118	129	134	...	...	...	...
Exports	144	194	142	107	104	98	105	104	105	105	90	...	...	...
PHILIPPINES														
Imports ^f	94	106	105	96	96	97	100	102	102	106	101	103	102	99
Exports	97	104	82	89	81	83	84	83	85	85	88	85	85	87
THAILAND														
Exports:														
Effective price in baht	98	117	104	97	122	124	124	127	127	129	128	135	142	...
Price in dollars (IMF index)	98	104	102	93	88	81	80	82	84	84	82	87	91	...
VIET-NAM ^g														
Imports	71	75	81	101	|| 95	90	99	101	103	99	92	88	90	93
Exports	72	90	88	94	|| 99	92	97	91	103	97	84	76	83	79

C. Terms of trade

Percentage of unit value index of exports to unit value index of imports

BURMA	...	33†	|| 57†	81	83	70	76	66	66	60	63	56	54	...
CEYLON	...	120	124	89	127	132	110	109	96	104	115	116	115	122
CHINA (Taiwan)	...	...	102	97	99	99	105	112	114	97	100	86	...	...
FEDERATION OF MALAYA and SINGAPORE	...	121	143	116	|| 104	130	121	109	109	105	102	98	106	...
INDIA†	...	...	100	110	103	|| 104 ^h	95	98	100	96	97	94	...	...
INDONESIA	...	132	138	103	105	120	116	112	102	116	102	100	88	...
JAPAN	...	92	98	94	100	96	97	94	93	95	97	103	113	115
PAKISTAN	...	158	167	139	109	99	89	85	88	81	78	...	...	...
PHILIPPINES	...	103	98	78	93	85	85	84	81	83	80	86	86	88
Viet-Nam	...	101	120	109	93	|| 104	102	98	90	100	98	91	86	91

a. Original base: Burma, Apr 1936-Mar 1941 for the period prior to 1953, 1952 since 1953; China (Taiwan), 1952; Ceylon, 1948; India, Apr 1952/Mar 1953; Indonesia, 1960; Japan, 1950; Malaya, 1958 for period prior to 1953, 1952 since 1953; Pakistan, Apr 1948/Mar 1949; Philippines, 1955; Viet-Nam, 1949.

c. Figures from 1953, though linked to previous figures, have different treatment in imports and exports of petroleum products.

d. Indexes compiled by Ministry of Finance. The commodity groups are abridged titles of selected SITC sections and divisions.

e. Imports excluding land trade. Index in terms of U.S. dollars.

f. Based on f.o.b. import prices.

g. See footnote j to table 6.

h. Calendar year from 1956.

67 90
87 107

b. All trade indexes since 1950 except the annual import price index have been computed on a fixed base (1948) weights method. The annual import price index has been computed by using moving current weights on 1948 base.

PRICE

12. INDEX NUMBERS OF WHOLESALE PRICES

1953=100^a

Country and commodity	1951	1952	1954	1955	1956	1957	1957		1 9 5 8				
							III	IV	I	II	III	Oct	Nov
BURMA													
All agricultural produce	121	103	100	96	99	112	118	122	111	112	113	...	...
Cereals	112	107	101	107	103	104	110	108	101	104	110	...	...
Non-food agricultural produce	148	112	114	107	103	125	125	138	139	143	139	...	...
CHINA (Taipei)													
General index	75	92	102	117	132	141	140	142	142	143	141	144	146
Food	63	78	105	114	123	135	135	141	142	139	137	143	148
Apparel	89	107	94	110	106	105	102	104	106	108	106	106	109
Metals and electrical materials	84	104	102	158	190	197	190	194	193	193	188	185	180
Building materials	62	94	105	115	153	163	159	152	145	151	149	152	147
Manufactured products	85	91	104	120	143	161	164	159	155	157	158	161	...
Industrial materials	80	95	100	116	138	163	165	160	159	159	160	160	...
INDIA (Apr-Dec 1953=100)													
General index	...	...	94	87	97	103	105	108	100	103	110	110	108
Food articles	...	...	90	78	91	98	102	98	94	100	110	111	108
Industrial raw materials	...	...	94	88	103	107	108	105	102	104	108	106	103
Manufactured articles	...	...	102	101	106	109	110	110	109	109	110	110	110
Intermediate products	...	...	99	99	112	110	110	108	108	111	114	112	111
Finished products	...	...	102	101	105	109	110	110	109	109	110	110	110
INDONESIA (Djakarta) (imported goods)													
All articles	99	94	109	145	135	160	166	184	205	226	...	...	...
Provisions	68	84	110	144	146	178	182	204	227	228	...	...	...
Textile goods	109	89	110	169	118	137	142	167	196	222	...	...	...
Chemicals	99	90	109	151	137	141	147	162	174	195	...	...	...
Metals	103	105	98	115	135	169	173	180	189	211	...	...	...
IRAN (Teheran)													
General index	79	83	118	115	123	123	122	120	120	118	119	118	118
Domestic products	82	88	124	117	124	131	131	131	131	130	135	133	135
Imported products	77	86	107	105	96	88	85	81	81	82	83	84	85
Exported products ^b	76	76	117	116	136	134	132	129	130	124	122	120	119
JAPAN													
General index	97	100	99	98	102	105	104	103	100	98	97	96	97
Edible farm products	84	93	112	112	109	112	110	117	118	117	117	118	116
Textiles	126	101	92	87	88	82	80	79	76	77	76	72	73
Chemicals	102	108	93	90	94	95	95	92	90	89	86	85	85
Metal and machinery	109	105	94	97	116	119	117	113	106	104	100	99	100
Building materials	77	85	104	96	104	115	114	113	110	107	105	106	106
Producer goods	97	100	96	95	103	107	106	104	100	99	96	95	96
Consumer goods	96	100	103	101	100	102	101	103	100	98	98	98	99
KOREA, southern (1955=100)													
General index	...	...	100	132	153	155	144	142	146	145	145	144	140
Foods	...	...	100	141	168	174	142	142	152	150	150	144	131
Metal products and machinery	...	...	100	130	162	164	162	157	155	159	162	163	159
Building materials	...	...	100	121	135	129	135	135	143	143	143	154	159
Textiles	...	...	100	122	127	127	129	129	126	126	124	126	125
Producer goods	...	...	100	138	156	155	158	156	155	155	155	155	160
Consumer goods	...	...	100	129	152	155	138	137	142	141	139	131	131
PHILIPPINES (Manila)													
General index	110	101	95	92	95	99	101	102	103	102	103	102	102
Food	110	107	97	95	96	102	105	106	107	106	106	103	100
Crude materials	101	81	88	84	90	92	95	96	97	95	97	101	110
Chemicals	120	103	95	88	88	93	95	94	96	97	95	96	96
Manufactured goods	137	109	96	92	100	103	104	104	105	104	103	102	102
Domestic products	108	100	94	92	94	98	100	101	102	101	101	101	101
Exported products	103	82	88	81	84	88	90	91	94	94	97	100	108
Imported products	119	105	97	92	100	106	107	106	110	110	110	110	110
THAILAND (Bangkok)													
General index	101	107	98	114	117	118	121	116	118	122	124	125	127
Agricultural produce ^c	135	120	98	136	130	130	138	129	134	136	146	156	157
Foodstuff ^c	82	98	96	108	116	115	119	113	116	123	120	123	123
Clothes	143	131	99	102	101	101	101	101	101	101	101	101	101
Metal	140	135	97	126	139	141	135	128	116	107	103	104	105
Construction materials	90	97	103	104	103	105	104	104	103	103	102	102	102
VIET-NAM (Saigon-Cholon)													
General index	77	87	105	117	122	123	131	132	125	122	128	130	125
Rice and paddy	57	90	83	99	113	106	120	125	114	111	126	136	122
Raw materials	120	92	117	145	131	139	144	151	132	123	125	126	130
Semi-finished products	82	87	120	123	131	138	139	142	134	129	130	127	124
Manufactured products	97	86	120	124	121	111	115	118	118	117	118	118	110
Local products	75	89	100	116	123	121	130	132	112	118	127	131	124
Imported products	84	83	121	121	124	130	134	134	133	132	130	129	125

a. Original base: Burma, 1938-40; China (Taiwan), Jan-Jun 1937 except indexes of manufactured products and industrial materials for which the base is 1951; India, Apr 1952/Mar 1953; Indonesia, 1938; Japan, 1948 for 1951, 1952 for subsequent year; southern Korea,

and Philippines, 1955; Thailand, Apr 1958/Mar 1953; Viet-Nam, 1949.

b. Excluding petroleum.

c. Agricultural produce including paddy, rice meal, copra, rubber, etc.; foodstuff including milled rice, pork, banana, etc.

13. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES

PRICE

Nov	Commodity and country		1951	1952	1953	1954	1955	1956	1957	1957		1 9 5 8				
										III	IV	I	II	III	Oct	Nov
RICE																
146	Burma	£ per L. ton	45.0	52.5	60.0	49.0	41.1	35.6	34.2	33.0	33.0	27.0	37.0	37.0	37.0	37.0
148	China(Taiwan)	NT\$ per m.ton	1,572	2,125	3,527	3,133	2,634	3,776	3,644	3,648	3,643	3,643	—	3,643	3,643	3,643
109	Thailand	£ per L. ton	52.4	56.7	63.4	57.3	50.5	48.9	49.8	55.3	51.7	51.8	53.4	54.5	56.5	52.9
SUGAR																
...	China(Taiwan)	US\$ per ton	171.6	151.1	98.2	104.9	104.6	104.3	139.3	134.3	119.0	102.0	97.5	94.2	111.1	...
...	India	Rs. per maund.	30.7	30.4	28.4	31.1	28.1	27.9	30.8	32.9	32.2	34.8	35.2	36.0	35.7	35.7
108	Indonesia	Rp.per 100kg.	294	286	285	308	306	302	350	400	403	375	418	440	440	440
108	Philippines	Peso per picul	13.6	14.3	15.2	14.9	13.8	14.0	14.8	15.2	14.6	15.0	15.4	15.4	15.2	15.2
103	TEA															
110	Ceylon	Rs. per lb.	2.52	2.30	2.46	3.11	3.30	3.00	2.78	2.57	2.77	2.78	2.89	2.67	2.76	2.70
111	China(Taiwan)	NT\$ per kg.	8.27	8.71	9.64	11.25	11.49	11.96	10.08	10.33	11.17	11.39	12.34	13.43	12.11	13.28
110	India ^r	Rs. per lb.	2.24	1.64	2.00	3.18	3.05	2.58	2.63	2.91	2.51	2.27	2.56	3.09	2.53	2.36
...	Indonesia	Rp.per 100kg.	701	912	1,037	1,469	1,459	1,072	1,097	1,072	1,105	1,100	1,134	1,141	...	...
PEPPER																
...	Cambodia	Rs.per 63.42 kg.	...	5,004	6,238	4,663	3,507	4,350	4,771	5,300	4,833	3,700	3,537	3,550	3,200	3,175
...	India	Rs. per maund	381.9	337.7	285.9	162.4	131.6	110.9	77.7	68.8	80.5	69.2	68.3	90.0	...	...
...	Indonesia	Rp.per 100kg.	2,565	3,031	2,583	1,478	745	551	469	463	427	398	502	551	...	...
118	Sarawak	M\$ per picul	464.7	447.9	313.7	159.6	109.6	70.2	65.5	—	69.4	70.8	92.4	98.3	...	...
135	Singapore	M\$ per picul	663.6	507.4	395.3	204.8	135.6	94.7	72.8	73.3	65.4	64.1	70.9	75.7	69.2	69.0
85	HIDES															
97	Pakistan	Rs. per 28 lbs.	32.15	24.42	21.61	25.54	31.72	29.49	29.08	26.93	31.85	33.17	29.03	28.00	28.00	26.25
116	SKINS															
73	India	Rs. per 100 pcts.	523.2	266.8	336.0	320.0	287.6	300.4	353.1	350.0	362.5	337.5	338.3	321.1	340.0	350.0
85	Pakistan	Rs. per 100 pcts.	...	...	178.7	208.2	211.9	254.6	287.4	294.4	290.2	283.6	242.1	242.8	245.0	240.0
96	GROUNDNUTS															
99	India	Rs. per maund	31.56	22.94	29.11	21.36	15.94	24.42	25.34	25.65	25.20	22.18	23.78	28.21	29.44	26.31
140	COPRA															
131	Ceylon	Rs. per candy	349.6	203.8	267.2	246.8	209.5	212.2	239.8	233.2	235.8	251.4	260.7	259.0	253.2	283.0
163	Federation of Malaya	M\$ per picul	44.02	28.82	35.30	30.68	26.38	25.70	26.85	26.50	29.42	31.50	33.17	34.50	37.50	...
159	Indonesia	Rp.per 100kg.	189	169	219	194	193	178	156	146	150	149	153	184	...	...
125	Philippines	peso per 100kg.	36.16	24.63	36.62	30.76	27.12	26.02	28.43	29.17	31.67	34.96	35.02	35.83	38.85	46.88
131	Singapore	M\$ per picul	43.91	29.09	37.59	32.55	28.14	27.45	27.34	25.95	27.63	30.87	32.94	32.81	36.32	40.00
102	RUBBER, NATURAL															
100	Burma	K. per lb.	1.20†	1.10†	1.10	0.81	1.29	1.58	1.31	1.28	1.16	1.19	...	...	...	...
110	Cambodia	Ri. per kg.	...	...	...	13.98	18.75	18.26	16.45	16.88	16.34	16.07	15.58	16.37	15.71	16.78
96	Ceylon	Rs. per lb.	2.53	1.76	1.54	1.36	1.56	1.50	1.43	1.40	1.34	1.24	1.20	1.20	1.28	1.28
108	Indonesia	Rp. per 100kg.	921	853	565	545	888	821	746	733	669	636	604	624	...	...
110	Singapore	M Cents per lb.	169.55	96.07	67.44	67.30	114.16	96.78	88.75	89.98	81.15	77.65	74.84	81.19	87.92	89.91
127	Thailand	Baht per kg.	13.18	10.14	7.30	8.17	13.59	11.25	10.87	13.17	11.59	9.76	10.00	10.20	11.55	12.60
157	TIMBER															
123	Burma	K. per cuton	952	976	929	876	921	923	888	893	825	...	...	...	...	...
101	Federation of Malaya	M\$ per 50 cu.ft.	167.0	150.3	148.2	149.4	156.6	158.2	144.6	148.3	145.8	149.0	148.8	136.6	125.1	...
105	North Borneo	M\$per 50 cu.ft.	124.4	133.9	118.3	82.9	77.9	77.5	66.1	67.6	58.8	63.0	65.7	63.8	...	...
102	Philippines	Peso per 1,000 bd.ft.	130	116	109	117	114	112	105	106	103	103	102	102	...	101
122	Thailand	Baht per cu. m.	1,724	1,933	2,436	3,023	3,614	4,098	4,090	4,344	3,460	4,109	4,236	4,017	3,955	4,196
124	WOOL, RAW															
110	Pakistan	Rs. per lb.	2.71	1.71	2.09	2.25	2.15	2.70	2.77	2.79	2.39	2.47	1.83	1.88	2.13	...
124	COTTON, RAW															
125	Burma	K. per lb.	1.54†	1.75†	1.08	1.34	1.33	1.00	1.14	1.14	1.16	...	...	...	...	...
...	India	Rs. per 784 lbs.	786.7	716.0	710.0	734.0	635.8	786.7	766.7	...	691.4	755.8	737.0	728.3	680.0	...
...	Pakistan	Rs. per bale	845.7	629.7	405.2	443.5	443.6	503.7	511.1	486.8	491.3	491.7	482.9	484.9	408.1	...

PRICE

13. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES (Cont'd)

	Unit	1951	1952	1953	1954	1955	1956	1957	1957		1958				
									III	IV	I	II	III	Oct	Nov
JUTE, RAW															
India	Rs. per 400 lbs.	331	173	132	148	172	173	207	203	212	205	198	190	173	174
Pakistan	Rs. per 400 lbs.	249	134	106	135	150	187	214	210	198	193	200	187	...	...
United Kingdom	£ per L. ton	179	113	96	102	98	103	114	107	114	112	114	108	88	90
HEMP, RAW															
Philippines ^r	Pesos per picul	62.6	64.0	38.4	28.8	31.0	37.4	46.8	48.1	48.3	40.8	30.9	41.3	42.1	44.4
GROUND NUT OIL															
India	Rs. per quarter	24.51	17.32	22.34	15.38	11.92	17.82	19.11	19.28	18.79	17.35	18.46	20.47	20.58	18.37
PALM OIL															
Indonesia	Rp. per 100kg.	229	228	214	204	220	233	232	233	222	226	218	204	...	...
COCONUT OIL															
Ceylon	Rs. per L. ton	2,068	1,247	1,519	2,454	1,156	1,168	1,256	1,203	1,224	1,340	1,390	1,369	1,391	1,454
Philippines	Peso per kg.	0.70	0.46	0.69	0.57	0.48	0.45	0.47	0.49	0.53	0.60	0.61	0.63	0.80	0.80
Singapore	M\$ per picul	79	48	59	55	44	44	46	45	48	50	51	52	58	65
RAYON YARN															
Japan	Yen per lb.	374	245	229	209	173	172	171	171	159	155	151	150	148	148
COTTON PIECE GOODS															
India	Rs. per lb.	1.92	1.88	1.89	1.88	1.80	1.94	2.04	2.05	2.05	1.86	1.82	1.79	1.77	1.77
Japan	Yen per yd.	96	63	60	57	57	50	48	47	44	42	44	43	40	44
JUTE MANUFACTURES															
India (bag)	Rs. per 100 bags	232.2	138.0	98.8	111.8	115.6	111.2	114.6	115.5	114.0	101.7	99.4	98.0	96.2	96.1
India (hessian)	Rs. per 100 yd.	82.0	55.6	46.1	47.2	45.0	43.0	44.3	44.4	43.4	41.2	42.5	44.3	44.5	45.0
TIN															
Indonesia	Rp. per m-ton	6,865	19,220	19,377	14,215	14,996	16,078	16,004	15,217	16,082	16,271	15,751	15,108	...	...
Singapore	M\$ per picul	526.6	480.1	363.9	353.6	365.5	387.0	373.2	370.8	354.6	363.4	365.8	368.1	371.2	383.4
Thailand	Baht per kg.	15.2	15.4	8.7	26.9	28.2	28.8	26.9	26.8	27.0	21.9	27.2	27.4	23.6	
PETROLEUM, CRUDE															
Indonesia	Rp. per m-ton	—	74	76	160	160	163	163	156	160	164	182	...	...	...
Sarawak	M\$ per m-ton	62	62	64	65	63	61	64	65	65	65	66	...	...	...

SPECIFICATIONS:

RICE:

Burma—Average of export contract prices f.o.b. white rice, No. 1 small mills special ngasein.

China (Taiwan)—Unit value of export of rice and paddy.

Thailand—Export price f.o.b. Bangkok, white rice 5% broken; prior to 1955 export contract price f.o.b.

SUGAR:

China (Taiwan)—Monthly average price of all kinds of sugar f.o.b. Taiwan ports.

India—Wholesale prices, D. 28 Kanpur.

Indonesia—Domestic wholesale prices of white sugar, Djakarta.

Philippines—Wholesale prices of centrifugal sugar, Manila.

TEA:

Ceylon—Average prices for all grades f.o.b.

China (Taiwan)—Unit value of export of black tea. For 1951, average of Jan.-Jun.

India—Export price at Calcutta auctions, leaf, all types.

Indonesia—Export prices f.o.b. for B.O.P., O.P., P.S. and B.P.

PEPPER:

Cambodia—Wholesale prices, black ex-store.

India—Wholesale prices, ungarbled (alleppey) Calcutta.

Indonesia—Export prices, f.o.b. black Lampung.

Sarawak—Unit value of exports of black pepper.

Singapore—Wholesale prices, black Lampung.

HIDES:

Pakistan—Average wholesale prices of Karachi unframed arsinated mixed 12/40 lbs. (buffalo), Karachi.

SKINS:

India—Wholesale prices of raw goat skin, average quality, Calcutta.

Pakistan—Average wholesale prices of sheep skin, Papra (de-wooled all primates), Karachi.

GROUNDNUTS:

India—Wholesale prices of ground nuts, machine shelled, Cuddalore.

COPRA:

Ceylon—f.o.b. prices for all grades.

Federation of Malaya—Wholesale prices, sundried.

Indonesia—Export prices f.o.b. mixed. Prior to August 1951 "f.m.s. and mixed".

Philippines—Wholesale prices, reseccada, Manila.

Singapore—Wholesale prices, sundried.

RUBBER, NATURAL:

Burma—Unit value of exports.

Cambodia—Unit value of exports.

Ceylon—f.o.b. prices of all grade of rubber excluding latex.

Indonesia—Export prices f.o.b. R.S.S. 1 and Crepe 1.

Singapore—Buyers' midday prices, f.o.b. Singapore No. 1 RSS in bales. Since 1952 average of daily prices.

Thailand—Unit value of exports of rubber smoked sheet. Annual figures relate to whole kingdom, monthly & quarterly figures relate to Port of Bangkok only.

TIMBER:

Burma—Unit value of teak exports.

Federation of Malaya—Unit value of net exports of timber.

North Borneo—Unit value of sawn logs for 1951-1954: sawn logs and veneer logs, non-ferrous from 1955 to date.

Philippines—Unit value of exports of logs and lumber.

Thailand—Unit value of exports of teak board. Annual figures relate to whole kingdom, monthly and quarterly figures relate to Port of Bangkok only.

WOOL, RAW:

Pakistan—Unit value of exports.

COTTON, RAW:

Burma—Unit value of exports.

India—Wholesale prices, Jarilla M.G.F., Bombay.

Pakistan—Unit value of exports.

JUTE, RAW:

India—Domestic price at Calcutta, raw lightnings.

Pakistan—Domestic/export f.o.b. Chittagong, raw, baled, export firsts.

United Kingdom—Domestic/import price c. and f. Dundee, f.i.f.

HEMP, RAW:

Philippines—Domestic/export price at Manila, Manila Hemp, Grade G.

GROUND-NUT OIL:

India—Wholesale prices, naked, Bombay.

PALM OIL:

India—Export prices f.o.b.

COCONUT OIL:

Ceylon—f.o.b. prices for all grades.

Philippines—Wholesale prices, Manila.

Singapore—f.o.b. Singapore.

RAYON YARN:

Japan—Export prices f.o.b. viscose, 120 denier bank, 1st grade.

COTTON PIECE GOODS:

India—Wholesale prices of grey standard shirting 35" X 38 yds. Bombay.

Japan—Export prices f.o.b., heavy shirting s/2008 grey 38".

JUTE MANUFACTURES:

India—Export prices of bags, B-twills 2½ lbs. 44 X 26½" f.a.s. Calcutta.

India—Domestic/export prices of hessian cloth 10½ oz. on. 40" Calcutta.

TIN:

Indonesia—Unit value of exports of tin and tin ore.

Singapore—Export prices ex-works.

Thailand—Unit value of exports of tin ore and tin in concentrates. Annual figures relate to whole Kingdom, monthly and quarterly figures relate to Port of Bangkok only.

PETROLEUM, CRUDE:

Indonesia—Unit value of exports of crude petroleum.

Sarawak—Unit value of exports of crude petroleum.

14. INDEX NUMBERS OF PRICES RECEIVED AND PAID BY FARMERS 1953=100^a PRICE

Area	1951	1952	1954	1955	1956	1957	1957			1 9 5 8			
							III	IV	I	II	III	Oct	Nov
CHINA (Taiwan)													
Prices received by farmers (R)	51	74	92	102	110	122	121	124	125	121	119	121	...
Prices paid by farmers (P)	54	73	93	101	111	118	117	120	122	122	118	119	...
Cultivation cost	56	73	93	106	113	120	121	123	126	126	122	124	...
Domestic expenditure	53	73	92	100	109	117	116	119	120	120	116	117	...
Ratio (R) ÷ (P)	95	102	99	100	99	103	103	103	102	99	101	102	...
INDIA (Punjab)													
Prices received by farmers (R)	96	94	94	78	97	104	101	101	96	97	109	...	...
Prices paid by farmers (P)	107	102	98	86	96	104	104	103	102	104	109	...	...
Cultivation cost	117	105	92	79	91	95	94	94	95	98	104	...	...
Domestic expenditure	101	101	102	91	99	110	111	108	106	107	112	...	...
Ratio (R) ÷ (P)	90	92	96	90	101	100	97	98	95	93	100	...	...
INDIA (West Bengal, 1954=100)													
Prices received by farmers (R)	...	...	100	102	118	135	143	140	125	133	...	...	...
Prices paid by farmers (P)	...	...	100	98	106	113	117	118	113	116	...	...	...
Cultivation cost	...	...	100	98	103	105	109	105	105	108	...	...	...
Domestic expenditure	...	...	100	97	108	118	122	125	118	121	...	...	...
Ratio (R) ÷ (P)	...	...	100	105	111	119	122	119	111	114	...	...	...
JAPAN^b (Apr 1953-Mar 1954=100)													
Prices received by farmers (R)	811	851	981	951	98	99	99	99	98	96	97	98	96
Prices paid by farmers (P)	941	981	1031	1011	102	105	105	105	105	104	103	103	102
Cultivation cost	921	991	1021	981	98	102	103	103	102	102	99	98	98
Domestic expenditure	951	971	1031	1031	103	106	106	107	106	105	105	105	105
Ratio (R) ÷ (P)	861	871	961	941	97	94	95	94	93	93	94	96	94

a. Original base: China 1952, India, Punjab, Sep 1938/Aug 1939; West Bengal, 1939; Japan, Apr 1951/Mar 1952.

b. Index numbers of commodity prices in 473 towns or villages. Annual figures prior to 1956 relate to fiscal year April to March.

15. INDEX NUMBERS OF COST OF LIVING 1953=100^a

Area	1951	1952	1954	1955	1956	1957	1957			1 9 5 8			
							III	IV	I	II	III	Oct	Nov
A. All items													
AFGHANISTAN ^b Kabul (1954=100)	...	...	100	104	122	...	...	...	...	...	...	...	...
BURMA: Rangoon	107	103	96	98	111	119	127	118	110	116	125	118	111
CAMBODIA: Phnom-Penh	72	78	108	121	127	127	127	129	130	133	140	143	139
CEYLON: Colombo	99	98	100	99	99	101	101	103	104	103	102	105	104
CHINA: Taipei	65	84	102	112	123	133	136	134	135	133	134	137	135
HONG KONG	98	99	98	95	97	98	98	96	95	97	99	97	97
INDIA (interim index)	98	97	95	90	99	104	106	106	104	106	113	116	115
IRAN	87	94	118	122	130	139	138	139	139	138	139	141	144
JAPAN (urban)	89	94	106	105	106	109	111	109	108	108	109	110	109
KOREA: Seoul	36	66	137	231	284	350	352	321	327	342	343	355	340
LAOS: Vientiane	53	74	123	125	141	174	187	181	171	181	207	...	...
MALAYA, Federation of	101	103	94	91	92	96	96	96	96	95	94	93	...
PAKISTAN: Karachi	88	90	98	94	97	106	108	110	111	112	114	107	103
Narayanganj	94	101	84	85	99	104	106	106	107	107	120	112	106
PHILIPPINES: Manila	111	104	99	98	100	102	103	105	104	105	106	107	107
SINGAPORE	97	101	93	91	92	94	94	93	93	92	91	...	...
THAILAND: Bangkok	82	91	100	105	111	118	122	115	119	128	129	125	123
VIET-NAM: Saigon	64	79	113	124	139	133	136	130	128	127	132	131	131

Area	1951	1952	1954	1955	1956	1957	B. Food			1 9 5 8			
							III	IV	I	II	III	Oct	Nov
BURMA: Rangoon	108	104	97	96	106	119	133	119	109	117	128	117	108
CAMBODIA: Phnom-Penh	68	76	103	119	130	129	131	134	138	148	153	147	...
CEYLON: Colombo	96	94	100	99	97	99	98	101	102	100	98	100	100
CHINA: Taipei	62	78	102	108	126	137	145	140	140	135	138	145	140
HONG KONG	94	95	95	90	95	95	97	93	91	91	95	98	95
INDIA (interim index)	96	94	93	85	97	103	105	105	102	105	114	117	117
INDONESIA: Djakarta	89	94	106	141	161	177	176	217	254	226	264	284	287
IRAN	83	92	114	114	121	126	126	123	122	121	118	117	120
JAPAN (urban)	91	94	108	105	105	108	110	107	105	105	107	109	107
KOREA: Seoul	33	77	116	206	282	339	342	278	289	324	324	324	296
LAOS: Vientiane	47	70	122	118	122	157	176	166	151	167	208	...	...
MALAYA, Federation of	101	103	90	87	88	93	94	93	92	90	90	90	...
PAKISTAN: Karachi	89	93	98	95	100	113	116	117	119	120	123	114	107
Narayanganj	93	103	79	80	97	102	105	105	104	103	108	110	107
PHILIPPINES: Manila	111	106	99	98	101	105	107	112	110	110	112	114	113
SINGAPORE	100	101	91	88	89	91	91	90	90	87	86	...	...
THAILAND: Bangkok	81	91	98	103	108	117	121	118	130	131	126	117	...
VIET-NAM: Saigon	59	80	107	121	140	129	134	124	123	121	129	128	127

GENERAL NOTES: All figures refer to working class expenditures except for the following countries: China (Taiwan), public servants; Hong Kong, clerical and technical workers; Indonesia, government employees; Japan, urban population; southern Korea, salary workers and wage earners; Laos, middle class; Singapore, low income clerks and labourers; Thailand, low salaried workers and civil servants.

a. Original base: Burma, 1941; Cambodia, 1949; Ceylon, Nov. 1942 for 1951, 1953 for subsequent years; China (Taiwan), Jan-Jun 1937; Hong Kong, Mar 1947; Ind'a, 1949; Indonesia Jul 1938; Japan, 1951 for period prior to 1955, 1955 for subsequent years; southern Korea, 1955; Laos, Dec 1948; Federation of Malaya, Jan 1949; Pakistan, Apr 1948/Mar 1949; Philippines, 1955; Singapore, 1939; Thailand, Apr 1938/Mar 1939; Viet-Nam, 1949.
b. Year beginning 21 March.

EMPLOYMENT AND WAGES

16. EMPLOYMENT AND WAGES

*Base for index numbers, 1953**

Country and item	1948	1953	1954	1955	1956	1957	1957		1958				
							III	IV	I	II	III	Oct	Nov
CEYLON													
Index of wages													
Tea and rubber estate workers ^b	66	100	102	106	107	108	108	109	110	110	109	109	110
Government workers (Colombo) ^c	86	100	100	104	106	109	106	119	125	125	125	125	125
Index of real wages													
Tea and rubber estate workers ^b	75	100	103	107	108	107	107	106	108	107	107	104	106
Government workers (Colombo) ^c	102	100	101	106	107	107	104	114	120	121	122	120	120
CHINA (Taiwan)													
Employment ^d (thousand)													
Mining	79	57	53	55	66	74	71	72	72	73	72	... ..	...
Manufacturing	114	238	258	258	260	261	261	261	261	261	261	... ..	...
Transport	55	64	66	68	71	69	69	71	71	71	71	... ..	...
Index of earnings ^e													
Mining	100	105	131	174	227	230	244	247	249	249	237	... ..	...
Manufacturing	100	111	125	141	155	151	159	165	160	160	162	... ..	...
Index of real earnings ^e													
Mining	100	110	124	150	184	186	196	197	198	198	191	... ..	...
Manufacturing	100	117	119	122	125	122	127	132	127	130	130	... ..	...
INDIA													
Employment ^f (thousand)													
Factories under Factory Act .	2,360	2,528	2,590	2,690	2,882	2,810	...	798	782	748	768	767	769
Cotton mills	644	744	741	758	807	812	818	798	782	748	768	767	769
Coal mines ^g	308	338	332	341	333	350	340	360	367	362	356	... ..	...
Central government ^h													
Office workers	213	221	251	281	300	296	300	303	307	311	311	... ..	...
Manual workers	403	412	396	388	389	384	389	391	396	398	398	399	399
Wages or earnings (rupees)													
Cotton mills ⁱ (Bombay, monthly)	96.0	96.3	94.8	98.8	104.2	107.2	107.1	108.3	109.4	115.0	114.6	... ..	...
Coal mines ^j (Jahria, weekly) .	2.4 ^t	13.2	14.2	14.2	17.4	20.4	20.7	20.4	21.6	22.3	21.8	... ..	...
JAPAN													
Employment ^k (million)													
All industries	34.6	39.5	40.0	42.3	42.1	43.2	44.0	43.9	41.2	44.6	44.0	44.9	44.2
Agriculture, forestry & hunting .	16.4	17.2	16.8	17.2	16.8	16.3	17.2	17.1	13.6	17.1	16.5	17.1	16.0
Mining	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.6
Manufacturing	6.3	6.8	7.0	7.2	7.6	8.1	7.9	8.5	8.6	8.7	8.6	8.6	8.5
Construction	1.6	1.7	1.8	1.8	2.0	2.0	1.8	2.1	1.9	2.0	2.0	2.0	2.1
Commerce	5.8	6.4	6.7	7.0	7.3	7.4	7.3	7.3	7.6	7.3	7.3	7.6	7.5
Transportation and communication and other public utilities	1.9	1.9	1.9	2.1	2.2	2.2	2.2	2.1	2.1	2.2	2.2	2.3	2.3
Services (non-government) . . .	3.7	3.8	4.3	4.6	4.9	4.9	5.1	5.2	4.9	4.8	4.9	5.0	5.0
Index of earnings ^m													
Mining	100	101	108	118	137	149	162	115	117	164	129	123	123
Manufacturing	100	105	109	120	124	125	146	108	119	130	109	113	113
Index of real earnings ^m													
Mining	100	95	103	112	125	135	149	107	108	151	118	113	113
Manufacturing	100	99	104	113	114	113	134	100	110	120	99	104	104
Daily money wages of agricultural labour, male (yen) . . .	185	257	285	301	308	323	331	337	308	352	347	358	366
KOREA, southern													
Wages or earnings ⁿ													
(thousand hwan)													
Mining . . . . .	...	...	...	...	...	31.6	32.8	34.9	34.7	36.0	35.2	36.5	36.0
Manufacturing . . . . .	...	...	...	...	...	22.3	22.6	23.3	22.9	23.4	24.3	24.7	25.8
PHILIPPINES													
Index of employment ^p													
Mining ^r . . . . .	...	100	77	81	81	77	76	72	70	71	72	...	...
Manufacturing ^r . . . . .	...	100	106	106	107	113	111	113	115	112	111	...	...
Index of wages ^d (Manila)													
Skilled	101	100	101	101	101	101	101	101	104	103	105	105	104
Unskilled	92	100	99	102	103	102	102	102	102	103	103	103	103
Index of real wages ^d (Manila)													
Skilled	90	100	105	106	104	101	101	99	102	101	101	101	100
Unskilled	82	100	103	107	106	103	102	99	100	100	99	99	99
THAILAND													
Employment in mining ^f (thousand)	10.4	16.1	14.7	15.6	16.6	17.4	17.7	17.5	15.7	13.8	13.4	13.3	13.2
VIET-NAM													
Daily wages ^s (Saigon-Cholon, piastre)													
Skilled	22.0 ^u	55.6	73.2	86.7	89.4	99.2	...	...	...	101.4	...	...	...
Unskilled (male)	15.4 ^u	31.8	37.4	47.8	56.0	63.4	...	...	...	72.3	...	...	...

a. Original bases for wages or earnings index: Ceylon, 1939; China (Taiwan), June 1949; Japan, 1955; Philippines, 1955.

b. Daily rates of minimum wages (basic wages plus special allowance).

c. Monthly wage rates for unskilled male workers in government employment.
d. Staff and permanent workers at end of period.

d. Staff and permanent workers at end of period.
 e. Daily average of wages and allowances includin

e. Daily average of wages and allowances including payment in kind.
f. Daily averages.

g. Average daily employment in all coal mines governed by the Indian

b. Central Government establishments excluding Railways. Office workers.

h. Central Government establishments excluding railways. Office workers comprise administrative, executive and clerical staff; manual

workers comprise skilled, semi-skilled and unskilled workers.

Figures relate to end of period.

i. Monthly minimum basic wages plus dearness allowance.
 j. Average weekly earnings (basic wages plus dearness allowance and

j. Average weekly earnings (basic wages plus dearness allowances and other payments) of underground miners and loaders in coal mines.

For more information, visit www.hhs.gov/ocr/ohrp.

k. For 1948, average for calendar week beginning first Sunday of each month. From 1952, average for the week ending on the last day of the month, except for December when the week prior to holiday seasons was chosen.

m. Average monthly cash earnings per regular worker.

n. Total monthly average earnings of regular employees based on the payroll returns from about 400 constant sample establishments throughout the country engaged in mining and manufacturing (excluding tobacco and salt manufacturing).

p. Comprises all full and part-time employees of 600 cooperating establishments in the Philippines who were on the payroll, i.e., who worked during, or received pay for, the pay period ending nearest the 15th of the month. Excluding proprietors, self-employed persons, domestic servants and unpaid workers.

q. Daily average wage rates of all classes of workers.

q. Daily average wage rates of all classes of workers.
 r. Last day of the period.

**t. Average daily earnings
1942**

u. 1949.

17. CURRENCY AND BANKING
End of period

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FINANCE

Country and item	1948	1953	1954	1955	1956	1957	1957		1958					
							III	IV	I	II	III	Oct	Nov	
AFGHANISTAN (million Afghans)														
Money supply				1,656	2,185	2,364								
Currency: in circulation				1,389	1,942	2,171								
Deposit: current				268	244	193								
Private time deposits				68	49	63								
Government deposits				542	447	455								
Foreign assets				1,055	1,195	1,354								
Bank of Afghanistan				1,022	1,142	1,296								
Commercial banks				34	53	59								
Claims on private sector				1,598	2,077	2,232								
Bank of Afghanistan				929	1,144	1,315								
Commercial banks				669	933	917								
Claims on government				617	687	668								
Bank of Afghanistan				599	670	650								
Commercial banks				2	2	2								
Treasury coin				16	16	16								
Exchange rate														
Selling: Free rate			39.75	41.87	53.25	52.50								
BURMA (million kyats)														
Money supply	499	753	842	1,116	1,343	1,106	1,211	1,106	1,276	1,283	1,298	1,313	1,299	
Currency: net active	335	500	567	725	830	746	799	746	891	875	839	821	810	
Deposit money	164	253	275	391	513	360	412	360	385	408	459	492	489	
Private time deposits (Commercial banks)			27	52	77	122	103	100	108	102	108	117	120	123
Government deposits			53	498	297	248	248	282	207	282	360	274	293	289
Union Bank of Burma			53	464	183	130	117	77	63	77	133	48	55	57
Commercial Bank ^a			34	114	118	131	205	144	205	227	227	238	198	216
Bank clearings		△	149	234	241	283	333	356	354	319	350	296	312	294
Foreign assets			406	1,058	643	540	652	446	501	446	449	548	613	590
Union Bank of Burma ^b			358	991	555	415	535	392	431	382	383	473	538	515
Commercial banks			48	67	88	124	117	64	70	64	66	75	75	83
Claims on private sector (commercial banks)			73	161	212	216	250	343	361	343	359	304	273	268
Claims on government			147	213	543	941	1,020	1,002	991	1,002	1,225	1,109	1,141	1,149
Union Bank of Burma ^c			139	151	388	652	652	762	739	762	849	687	609	617
Commercial banks			8	62	155	289	358	240	252	240	376	422	532	520
Rates of interest (% per annum)														
Call money rate		△	1.10	0.98	1.27	0.94	1.42	1.33	1.83	2.92	1.50	1.00	1.00	1.00
Yield of long term gov't bonds ^d			3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Exchange rate (selling)			3.309	4.775	4.808	4.778	4.808	4.775	4.805	4.775	4.760	4.775 ^e	4.780	4.770
CAMBODIA (million riels)														
Money supply														
Currency: in circulation				999	1,058	1,355	1,477	1,355	1,498	1,584	1,588	1,567	1,535	
Demand deposits in commercial banks				1,035	1,104	693	1,364	693	696	874	895	883	899	
Private time deposits				37	15	84	23	84	111	111	100	90	74	
Bank clearings		△	125	273	446	412	481	476	547	564	489	513	500	
Foreign assets				1,968	2,559	2,911	3,235	2,911	3,250	3,367	3,540	3,545	3,425	
Banque Nationale du Cambodge				1,751	2,454	2,756	3,060	2,756	3,158	3,291	3,435	3,448	3,330	
Commercial banks				217	105	155	176	155	92	76	105	96	95	
Claims on private sector				329	563	812	860	812	905	840	791	830	849	
Claims on government by Banque Nationale du Cambodge				1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	
CEYLON (million rupees)														
Money supply	607	827	957	1,073	1,127	1,040	1,046	1,040	1,023	1,015 ^f	1,072	1,085	1,066	
Currency: net active	241	335	342	384	401	435	438	435	438	475 ^f	501	502	504	
Deposit money	366	492	615	688	726	605	607	605	585	540 ^f	571	584	562	
Private time deposits	253	387	420	451	509	555	557	554	556	576	587	602	616	
Government deposits			53	69	116	176	128	204	128	144	144 ^f	183	140	140
Central Bank of Ceylon			7	16	42	67	12	40	12	25	14 ^f	12	19	19
Commercial banks			46	53	74	109	116	164	116	119	130	171	121	
Bank clearings		△	391	671	684	758	735	730	776	633	651	573	769	624
Bank debits ^g			1,148	1,107	1,060	1,063	1,111	1,145	911	966	882	1,082	1,089	912
Foreign assets			636	342	656	880	898	700	747	700	716	599	657	644
Central Bank of Ceylon			462	245	524	655	737	591	624	591	598	493	534	520
Commercial banks			174	97	132	225	161	109	123	109	118	105	122	120
Claims on the private sector (commercial banks)			82	207	247	256	344	399	389	399	392	417	436	431
Claims on government			369	788	622	601	682	767	806	767	754	871	868	900
Central Bank of Ceylon			227	27	18	11	88	145	88	81	208	228	246	263
Other banks			369	561	595	583	671	679	661	679	673	663	639	648
Rates of interest (% per annum)														
Call money rate		△	0.96	0.50	0.50	0.50	1.08	1.50	1.33	1.25	1.25	1.25	1.25	
Treasury bill rate		△	0.22	1.91	1.59	0.79	0.68	0.88	1.04	1.14	1.41	1.51	1.59	1.60
Yield of long term gov't bonds ^d			2.94	3.85	3.79	3.13	3.04	2.99	2.99	2.96	2.92	2.89	2.87	2.86
Exchange rate (selling)			3.309	4.762	4.795	4.772	4.800	4.765	4.800	4.765	4.754	4.755	4.755	4.758
CHINA (Taiwan, million new Taiwan dollars)														
Money supply				1,617	2,103	2,636	3,261	3,938	3,550	3,938	3,999	4,098	4,582	4,590
Currency: net active				1,072	1,340	1,604	1,883	2,228	2,079	2,228	2,205	2,250	2,679	2,575
Deposit money				545	763	1,032	1,378	1,710	1,472	1,710	1,794	1,848	1,903	2,015
Private time deposits				698	887	1,010	1,049	1,473	1,406	1,473	1,683	1,785	2,288	2,409
Government deposits				584	810	998	1,295	1,606	1,662	1,606	1,714	1,686	1,720	1,818
Bank of Taiwan				536	743	826	1,167	1,441	1,500	1,441	1,520	1,490	1,504	1,592
Other banks				48	67	172	128	164	162	164	194	196	217	226

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FINANCE

17. CURRENCY AND BANKING (Cont'd)

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957		1958				
							III	IV	I	II	III	Oct	Nov
CHINA (Taiwan, million new Taiwan dollars) (Cont'd)													
Counterpart funds	637	631	1,405	1,485	1,678	1,646	1,678	1,799	1,606	1,760	1,759	1,562	1,562
Bank clearings △	1,740	1,720	2,887	3,857	5,121	5,361	6,068	5,369	5,787	5,022	5,317	4,818	4,818
Foreign assets (Bank of Taiwan: net)	412	134	504	528	649	608	649	791	1,353	1,279	1,344	1,680	1,680
Claims on private sector ^a	816	1,283	2,048	2,286	3,131	3,064	3,131	3,237	3,394	3,967	4,061	4,260	4,260
Bank of Taiwan	79	167	402	470	731	762	731	714	777	977	915	1,064	1,064
Other banks	737	1,116	1,846	1,816	2,400	2,302	2,400	2,523	2,617	2,991	3,146	3,198	3,198
Claims on government ^b	1,108	1,477	1,687	2,020	2,388	2,255	2,388	2,465	2,350	2,609	2,720	2,517	2,517
Bank of Taiwan	1,092	1,445	1,652	1,974	2,338	2,205	2,338	2,409	2,285	2,535	2,652	2,499	2,499
Other banks	16	32	35	46	50	50	50	57	65	74	68	68	68
Claims on official entities ^c	1,342	1,586	1,958	2,475	2,817	2,736	2,817	2,875	2,815	3,165	3,164	3,229	3,229
Bank of Taiwan	1,257	1,506	1,860	2,385	2,739	2,663	2,739	2,801	2,733	3,083	3,075	3,140	3,140
Commercial banks	85	90	98	90	78	73	78	74	82	82	89	88	88
Call money rate (% per annum) △	8.00	7.20	7.20	5.70	...	...	...	...	...	...	...	...	...
Exchange rate													
Buying: Sugar, Rice, etc.	14.49	15.55	20.35	20.35	20.35	20.35	20.35	20.35	20.35	24.58	25.48	24.58	36.04
Other Exports (private)	15.55	15.55	26.35	26.35	26.35	26.35	26.35	26.35	36.08	36.08	36.08	36.08	36.08
Non-trade (private)	15.55	15.55	29.05	29.05	29.05	29.05	29.05	29.05	36.08	36.08	36.08	36.08	36.08
Selling: Government Imports	15.65	18.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	24.78	36.34	36.34
Non-trade	18.78	18.78	24.78	24.78	24.78	24.78	24.78	24.78	36.38	36.38	36.38	36.38	36.38
FEDERATION OF MALAYA and SINGAPORE (million Malayan dollars)													
Money supply	1,086	1,068	1,267	1,268	1,230	1,215	1,230	1,210	1,184	1,190	1,189	1,201	1,201
Currency: net active	646	711	861	892	889	882	889	880	865	861	863	867	867
Deposit money	440	357	406	376	341	333	341	330	319	329	326	336	336
Time deposits	221	243	338	317	302	292	302	318	322	338	344	345	345
Bank debits ⁱ . . . . △	...	...	1,438	1,600	1,679	1,700	1,723	1,679	1,508	1,625	1,740	1,586	1,586
Foreign assets	1,215	1,290	1,541	1,470	1,374	1,384	1,374	1,327 ^j	1,340	1,345	1,337	1,336	1,336
Currency Board	827	892	965	992	1,004	989	1,004	1,010	985	980	982	986	986
Other banks (net)	388	398	576	478	371	395	370	317	355	465	355	370	370
Claims on private sector	179	217	244	292	330	328	330	389	370	377	384	375	375
Claims on government	35	43	37	45	48	48	48	49	49	56	51	51	51
Exchange rate (par rate)	2.13	3.06	3.06	3.06	3.06	3.07	3.05	3.04	3.06	3.05	3.05	3.05	3.05
HONG KONG (million HK dollars)													
Money supply													
Currency notes: in circulation	783	802	728	727	732	755	757	755	754	756	756	755	755
Bank clearings △	689	1,035	1,140	1,180	1,276	1,412	1,401	1,466	1,394	1,300	1,235	1,313	1,181
INDIA (thousand million rupees)													
Money supply	19.76	17.09	18.32	20.47	21.79	22.76	22.34	22.76	23.89	23.80	23.15	22.90	23.15
Currency: net active	12.70	11.66	12.25	13.86	14.85	15.27	14.91	15.27	16.07	15.99	15.35	15.53	15.75
Deposit money	7.06	5.43	6.08	6.61	6.93	7.49	7.43	7.49	7.82	7.80	7.79	7.37	7.45
Private time deposits	3.13	4.68	5.26	6.13	6.98	8.93	8.93	8.93	9.62	10.24	10.73	11.49	11.41
Government deposits (Reserve Bank of India)	2.16	1.16	0.60	0.59	0.65	0.59	0.58	0.59	0.52	0.65	0.54	0.67	0.66
Bank clearings △	5.55	5.49	5.58	6.52	7.03	7.41	6.86	7.28	8.23	7.48	7.96	7.97	7.73
Foreign assets (Reserve Bank of India)	10.67	7.63	7.71	7.75	6.48	4.15	4.70	4.15	3.85	3.35	3.02	2.96	2.98
Claims on private sector	4.26	5.47	6.16	7.04	8.84	10.14	10.08	10.16	11.06	10.88	10.22	10.17	10.11
Commercial banks	4.26	5.28	5.95	6.78	8.48	9.59	9.55	9.61	10.48	10.20	9.51	9.44	9.38
Cooperative banks . . . . .	...	0.19	0.21	0.26	0.36	0.55	0.53	0.55	0.58	0.68	0.71	0.73	0.73
Claims on government	10.78	11.78	12.11	14.05	16.93	21.88	20.53	21.88	23.64	24.68	25.33	26.31	26.31
Reserve Bank of India	4.86	6.06	6.04	7.13	9.82	14.13	13.15	14.13	15.67	16.20	15.86	16.54	16.28
Other banks	4.63	4.58	4.98	5.74	5.96	6.63	6.27	6.63	6.81	7.28	8.37	8.66	8.92
Treasury currency	1.29	1.14	1.09	1.18	1.15	1.12	1.11	1.12	1.16	1.20	1.10	1.11	1.13
Rates of interest (% per annum)													
Call money rate △	0.50	2.12	2.35	2.59	3.21	3.27	3.17	2.92	3.00	...	...	...	...
Yield of long-term govt bonds ^d △	...	3.84	3.65	3.72	3.92	4.13	4.18	4.21	4.23	4.22	4.16	4.08	4.10
Exchange rate (selling)	3.309	4.768	4.808	4.778	4.805	4.770	4.793	4.770	4.753	4.775 ^e	4.770	4.770	4.773
INDONESIA (thousand million rupiah)													
Money supply	2.81	7.49	11.12	12.23	13.39	18.91	16.88	18.91	19.62	21.65	23.93	24.85	26.42
Currency: net active	1.53	5.22	7.47	8.65	9.37	14.09	12.54	14.09	13.97	15.42	16.46	17.10	18.00
Deposit money	1.28	2.27	3.84	3.59	4.02	4.82	4.34	4.82	5.65	6.23	7.47	7.74	8.42
Private time deposits	0.27	0.27	0.33	0.29	0.29	0.28	0.29	0.29	0.28	0.33	0.35	0.35	0.35
Foreign assets (net)	0.79	2.02	1.73	2.74	1.66	1.26	1.57	1.26	0.62	1.72 ^f	1.90	2.10	2.17
Bank Indonesia (net)	0.55	1.30	1.15	1.95	0.90	0.58	1.07	0.58	0.29	1.43 ^g	1.55	1.78	1.85
Gross foreign assets	0.55	2.40	2.89	3.50	2.89	2.55	2.75	2.55	2.15	2.01 ^h	1.98	2.16	2.18
Foreign liabilities ^k . . . . .	...	1.10	1.74	1.55	1.99	1.97	1.68	1.97	1.86	0.58	0.43	0.38	0.38
Other banks	0.24	0.72	0.58	0.79	0.76	0.68	0.50	0.68	0.33	0.29	0.35	0.32	0.32
Claims on private sector	0.27	2.40	2.63	4.02	5.05	4.47	4.64	4.47	4.75	5.58	6.92	6.68	6.76
Bank Indonesia	0.10	0.44	0.46	0.86	1.00	0.74	0.86	0.74	1.26	1.19	2.03	1.68	1.79
Other banks	0.17	1.96	2.37	3.16	4.05	3.73	3.78	3.73	3.49	4.39	4.89	5.00	4.97
Claims on government	1.80	5.92	9.26	9.30	11.46	20.77	18.33	20.77	22.88	24.16	26.41	27.35	...
Bank Indonesia	0.78	5.40	8.61	8.50	10.58	19.15	16.77	19.15	21.29	22.58	24.31	25.16	...
Other banks	0.22	0.02	0.02	0.02	0.02	0.67	0.64	0.67	0.61	0.56	1.05	1.08	...
Treasury currency	0.80	0.50	0.53	0.78	0.84	0.95	0.92	0.95	0.98	1.02	1.05	1.11	...
Exchange rate:													
Principal export rate	2.65	11.36	11.36	11.36	11.36-	22.7	20.1	22.7	29.3	30.3	30.3	30.3	30.3
Principal import rate	2.66	11.44	11.44	11.48-	11.48-	28.4-	25.1-	28.4-	36.6-	37.9-	37.9-	37.9-	37.9-
Other import rate . . . . .	...	22.89	15.26-	34.42-	28.68-	56.8-	50.2-	56.8-	73.2-	75.8-	75.8-	75.8-	75.8-
			22.89	57.38	57.38	78.1	68.8	78.1	100.6	104.2	104.2	104.2	104.2

17. CURRENCY AND BANKING (*Cont'd*)
End of period

FINANCE

No.	Country and item	1948	1953	1954	1955	1956	1957	1957		I 9 5 8												
								III	IV	I	II	III	Oct	Nov								
1,561 4,818	IRAN (billion rials)																					
1,680 4,260	Money supply							18.17	18.52	20.22	23.59	27.70	26.63	27.70	31.17	30.86	...	...	...
1,064 3,196	Currency: net active							16.51	16.84	17.71	20.78	24.26	22.51	24.26	25.98	25.76	...	...	...
2,517 2,499	Deposit money							1.66	1.68	2.51	2.81	3.44	4.12	3.44	5.19	5.10	...	...	...
3,228 3,140	Private time deposits							3.26	3.68	4.12	5.31	5.79	5.60	5.79	6.26	7.14	...	...	...
88	Government deposits							2.70	3.49	3.97	4.08	4.57	6.07	5.89	6.07	6.10	6.51	7.35	8.66	8.34		
3,140 88	Bank debits				△			10.88	13.98	15.33	16.80	18.20	19.34	17.67	21.35	18.17	18.18	23.88	23.93			
2,499 68	Foreign assets ^m (National bank)							8.79	7.12	6.76	7.11	8.44	18.57	17.35	18.57	20.94	19.66	20.49	23.23	20.85		
3,228 3,140	Claims on private sector							5.05	6.46	8.06	9.71	10.81	13.98	12.98	13.98	16.12	17.68	...	...	...
88	National Bank							3.44	3.47	4.49	5.72	7.45	8.37	7.63	8.37	10.12	10.46	11.43	12.08	12.57		
3,228 3,140	Commercial banks							1.62	2.99	3.57	3.99	3.36	5.61	5.35	5.61	6.00	7.22	...	...	...
88	Claims on government							5.71	11.00	11.24	11.08	11.94	12.59	12.38	12.59	12.86	13.52	14.39	13.87	13.58		
36,08	(National bank)							0.80	5.02	5.82	6.24	6.88	9.09	8.80	9.09	8.88	9.41	9.73	8.50	11.21		
36,08	Exchange rate: selling							54.50	90.50	84.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50		
1,203 867	JAPAN (thousand million yen)							2,013	2,331	2,714	2,824	2,389	2,824	2,547	2,555	2,655	...	...	...	...
36,38	Money supply							523	626	720	750	570	749	592	623	595	...	...	...	...
36,38	Currency: net active							1,490	1,705	1,994	2,070	1,819	2,075	1,954	1,929	2,060	...	...	...	...
345	Deposit money							...	2,534	3,064	3,837	4,767	4,504	4,767	5,026	5,247	5,547	...	...	...	...
1,598	Time deposits (other banks)							...	171	179	210	221	253	221	413	245	250	...	...	...	...
1,598	Government deposits							58	67	61	66	46	69	46	236	37	50	...	...	...	...
1,598	Bank of Japan							...	104	118	144	175	184	175	177	208	200	...	...	...	...
1,598	Other banks				△			236	2,080	2,430	2,750	3,342	4,264	4,364	4,806	4,463	4,552	4,832	5,011	4,364	...	
336	Bank clearings							...	302	447	457	472	225	273	298	322	321	...	...	...	...
345	Foreign assets							...	— 19	— 31	170	153	— 6	8	— 6	— 9	— 6	37	...	...	...
345	Bank of Japan							...	297	342	289	355	282	259	283	312	331	278	...	...	...
345	Foreign Exchange Fund							...	— 9	— 12	— 51	— 4	— 42	— 4	— 4	— 5	— 3	6	...	...	...
345	Other banks							...	4,164	4,684	5,917	7,253	6,883	7,253	7,471	7,735	8,107	...	...	...	...
345	Claims on government							...	264	450	465	471	223	471	485	284	357	...	...	...	...
345	Rates of interest (% per annum)							7.82	7.84	7.36	6.57	10.94	12.78	10.95	10.95	10.22	9.37	8.40	7.85	...	...
345	Call money rate (Tokyo)				△			6.68	7.01	6.33	6.34	6.33	6.32	6.33	6.32	6.32	6.32	...	...	...	...
345	Yield of long-term govt bonds ⁿ				△			360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	
345	Exchange rate (par rate)							360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	
345	KOREA, southern (thousand million hwan)							0.7	33.6	61.9	99.6 ^r	136.1 ^r	158.4	136.5	158.4	161.4	165.0	182.4	179.0	191.8
1,123	Money supply							0.4	22.4	40.1	58.8	73.4	86.2	65.8	86.2	74.3	72.9	88.4	88.6	98.8
2319	Currency: in circulation							0.3	11.2	21.8	40.8 ^r	62.8 ^r	72.2	70.7	72.2	87.0	92.1	94.1	90.4	93.0
1575	Deposit money							2.0	4.2	6.0	15.2	13.2	11.4	13.2	14.2	15.9	16.7	11.6	13.5	...	...
745	Uncleared checks and bills							3.8	5.0	10.0	16.9	17.7	16.6	17.7	19.6 ^r	20.2	21.9	23.2	22.6	...	...
1141	Time deposits ^p							0.2	21.4	51.8	107.4	207.7	201.2	183.2	209.3	188.9 ^r	223.9	225.6	240.9	227.8
0.68	Bank clearings				△			15.9	17.6	33.4	68.0	133.0	112.1	133.0	132.5	130.4	126.1	125.7	121.5	122.6
0.68	Government deposits							0.2	1.61	14.2	83.0	115.9	129.4	115.9	135.9	135.4	122.1	111.9	122.6	...	...
7.73	Counterpart funds							12.6	8.4	14.2	15.7	23.7	19.1	23.7	27.2	25.8	30.5	32.0	34.3	...	...
5	Foreign assets (Bank of Korea)							19.6	19.4	47.4	48.6	57.0	52.0	57.0	60.0	58.4	63.4	65.0	67.3	...	...
2.98	Gross foreign assets							4.4	8.5	23.4	23.1	23.5	23.1	23.5	23.0	22.8	23.0	23.2	23.2	...	...
10.11	Foreign liabilities ^q							2.6	2.5	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	...	...
4.28	Revaluation proceeds							20.8	24.0	42.6	76.6	113.4	97.5	113.4	115.4	115.9 ^r	139.5	144.3	147.3	...	...
3.73	Claims on private sector							5.5	2.0	5.5	5.8	5.9	5.7	5.9	5.8	5.8	5.7	5.7	5.9	5.9
1.23	Bank of Korea							15.3	22.0	37.1	70.8	107.5	91.8	107.5	109.6	110.0	133.8	138.6	141.4	...	...
1628	Other banks							24.7	68.0	111.4	213.4	304.9	299.1	304.9	311.6	318.8	312.0	297.8	311.4	...	...
8.92	Claims on government							24.1	66.9	109.5	209.7	299.9	294.1	299.9	306.3	313.7	306.9	292.8	306.4	...	...
1.13	Bank of Korea							0.6	1.1	1.9	3.7	5.0	5.0	5.0	5.3	5.1	5.0	5.0	5.0	5.0
8.40	Other banks							4.7	0.9	3.5	5.4	9.6	6.1	9.6	9.6	9.5	13.7	17.3	17.4	...	...
4.10	Claims on official entities							1.8	0.5	2.7	4.0	8.0	4.0	8.0	8.0	8.0	12.0	16.0	16.0	...	...
0.773	Bank of Korea							2.9	0.4	0.8	1.4	1.6	2.1	1.6	1.6	1.5	1.7	1.3	1.4	1.4
0.773	Commercial banks							180	180	500	500	500	500	500	500	500	500	500	500	500	500	500
5	PAKISTAN (million rupees)							2,698	3,568	3,856	4,516	4,933	5,238	5,034	5,238	5,304	5,367	5,292	5,385	5,464
18.00	Money supply							1,708	2,372	2,575	2,990	3,464	3,582	3,316	3,582	3,622	3,627	3,460	3,573	3,687
4.82	Currency in circulation							990	1,196	1,281	1,556	1,469	1,655	1,718	1,655	1,682	1,740	1,832	1,813	1,778
4.82	Deposit money							460	644	808	889	968	1,082	1,078	1,082	1,124	1,190	1,225	1,226	1,204
2.17	Time deposits				△			306	536	555	593	696	761	698	821	822	761	758	792	727
7.88	Bank clearings ^s				△			923	216	173	152	432	764	730	764	758	817	677	759	882
6.18	Government deposits							1,629	935	1,038	1,648	1,659	1,268	1,260	1,268	1,389	1,231	1,035	1,148	1,228
6.18	Foreign assets (State Bank of Pakistan) ^t							410	802	984	1,183	1,256	1,294	1,146	1,294	1,327	1,177	1,249	1,293	1,309
6.18	Claims on private sector (scheduled banks)							2,280	2,571	2,501	3,056	3,683	3,446	3,683	3,684 ^r	3,900	3,895	3,885	3,916	...	...
35	State Bank of Pakistan							250	1,247	1,404	1,205	1,663	2,125	1,872	2,125	2,064	2,232 ^r	2,230	2,200	2,230
16	Other banks							820	937	1,036	1,110	1,260	1,286	1,260	1,286	1,296	1,362	1,371	1,384	1,385
11	Treasury currency							66	213	230	260	283	298									

FINANCE

17. CURRENCY AND BANKING (Cont'd)

End of period

Country and item	1948	1953	1954	1955	1956	1957	1957		1958				
							III	IV	I	II	III	Oct	Nov
PHILIPPINES (million pesos)													
Money supply . . . . .	... 1,224	1,227	1,336	1,499	1,598	1,546	1,598	1,611	1,638	1,655	1,678	1,696	
Currency: net active . . . . .	... 666	677	670	719	782	734	782	765	747	786	786	787	
Deposit money . . . . .	... 558	550	666	780	817	813	817	846	891	869	892	909	
Private time deposits	279	461	526	586	658	803	748	803	832	850	858	880	886
Bank clearings Δ	381	520	550	614	739	876	900	876	936	914	917	879	816
Bank debits* Δ	772	743	815	921	1,145	1,335	1,368	1,354	... . . . .	... . . . .	... . . . .	... . . . .
Government deposits	22	150	132	196	281	169	248	169	188	280	198	175	156
Central Bank of the Philippines . . . . .	... 55	32	63	112	56	96	56	85	192 ^r	115	93	80	
Philippine National Bank	22	95	100	133	168	113	152	113	102	93	83	82	77
Foreign assets (net)	883	593	545	418	450	201	308	201	219	216 ^r	235	217	204
Central Bank	800	481	415	310	322	62	178	62	83	83	96	76	63
Other banks	83	112	130	108	118	139	130	139	136	133 ^r	139	141	141
Claims on private sector (other banks) . . . . .	... 848	939	1,106	1,254	1,513	... . . . .	1,513	1,468	1,439	1,491	1,544	1,578	
Claims on government	40	439	417	577	707	780	737	780	815	901	817	816	817
Central Bank of the Philippines . . . . .	... 344	304	349	381	632	517	632	654 ^r	752 ^r	671	654	676	
Other banks	40	95	113	228	328	147	220	147	161	148	146	161	141
Claims on official entities	78	124	160	226	268	376 ^r	345 ^r	376 ^r	421 ^r	512 ^r	463	463	466
Central Bank of the Philippines* . . . . .	... 52	115	185	198	315 ^r	293 ^r	313 ^r	351 ^r	378 ^r	401	399	396	
Other banks	78	71	45	41	88	60	52	60	70	134	62	63	70
Exchange rate (selling)	2,025	2,358-	2,358-	2,358-	2,015	2,015	2,015	2,015	2,015	2,015	2,015	2,015	
2,015	2,015	2,015											
HAILAND (million baht)													
Money supply	2,881	5,660 ^r	6,245 ^r	7,150 ^r	7,667 ^r	8,041 ^r	7,887 ^r	8,041 ^r	8,343	7,878	8,055	8,083	8,028
Currency: net active	2,205	4,016	4,548	5,176	5,419	5,577	5,529	5,577	5,769	5,373	5,325	5,297	5,305
Deposit money	676	1,644 ^r	1,697 ^r	1,975 ^r	2,248 ^r	2,464 ^r	2,352 ^r	2,464 ^r	2,574	2,504	2,730	2,786	2,721
Time deposits	292	518	652	824	1,048	1,223	1,155	1,223	1,242	1,321	1,354	1,455	1,408
Government deposits	568	1,221	974	1,110	1,244	1,362	1,466	1,362	1,395 ^r	1,427	1,962	1,283	1...
Bank of Thailand	533	975	693	763	1,132	1,120	1,274	1,120	1,161	1,189	1,746	1,073	1,146
Deposit money banks	35	246	281	347	112	242	192	242	234	238	216	210	
Bank clearings Δ	774	2,366	2,230	2,598	2,816	3,095	3,066	3,115	3,479	3,500	3,410	3,356	3,287
Foreign assets	2,180	1,159	193	2,643	2,922	3,269	3,217	3,269	3,412	3,226	3,244	3,341	3,159
Bank of Thailand	2,180	3,782	3,426	4,585	4,840	5,172	5,120	5,172	5,315	5,129	5,147	5,244	5,082
Exchange Fund	—	—	—	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,280	1,280
Profits on exchange	—	—	—	3,202	3,178	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163
Claims on private sector	449	1,978	2,281	3,000	3,440	4,084	4,098	4,084	4,386 ^r	4,484	4,551	4,612	4,677
Claims on government	1,497	5,221	6,520	5,724	6,147	6,277	... . . . .	6,280	... . . . .	6,162	6,247	6,329	...
Bank of Thailand	1,186	4,965	6,340	5,452	5,854	5,934	5,904 ^r	5,936	5,964 ^r	5,785 ^r	5,902	5,988	5,889
Deposit money banks	311	256	180	272	293	343	... . . . .	344	... . . . .	378	345	341	...
Treasury bill rate (% per annum) Δ	1.32	2.25	2.27	2.28	2.28	2.27	2.25	2.27	2.76	2.99	2.98	2.98	2.99
Exchange rate (selling)	19.60	21.16	20.88	20.91	20.66	20.90	20.78	20.90	20.85	20.97	21.09	21.10	21.10
VIET-NAM (southern, thousand million piastre)													
Money supply . . . . .	... . . . .	12.32	12.43	12.10	11.52	12.10	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
Currency: net active . . . . .	... . . . .	6.78	8.34	8.06	7.86	8.06	8.45	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
Deposit money . . . . .	... . . . .	5.55	4.09	4.05	3.65	4.05	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	... . . . .	...
Time deposits . . . . .	... . . . .	0.59	1.36	0.95	1.28	0.95	1.19	1.20	1.20	1.20	1.18	...	
Bank clearings Δ	... . . . .	3.13	2.86	3.20	3.30	3.52	3.16	3.50	3.50	3.33	2.86	2.74	
Foreign assets . . . . .	... . . . .	4.52	4.71	5.52	5.23	5.52	5.10	6.19	6.30	6.32	6.32	6.32	
Banque Nationale du Viet-Nam . . . . .	... . . . .	1.05	4.36	4.61	4.82	4.75	4.82	4.44	5.54	5.64	5.67	5.85	
Other banks (net) . . . . .	... . . . .	... . . . .	0.16	0.10	0.70	0.48	0.70	0.66	0.65	0.66	0.65	0.65	...
Claims on private sector . . . . .	... . . . .	... . . . .	1.43	1.72	2.82	2.90	2.82	2.88	2.80	2.60	2.58	...	
Claims on government . . . . .	... . . . .	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68
Banque Nationale du Viet-Nam . . . . .	... . . . .	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68	10.68
Exchange rate: Principal rate* . . . . .	... . . . .	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Invisibles rate	—	—	—	—	—	73.00	71.50	73.00	72.00	70.50 ^r	73.50	73.50	73.50

GENERAL NOTE: Net active currency: Total currency outstanding less holdings in all banks including the central bank and in government treasuries. Currency in circulation: Total currency outstanding less holdings in all banks including the central bank. Deposit money: Private deposits in all banks subject to cheque or withdrawable on demand, excluding inter-bank liabilities. Government deposits: Including government currency holdings. Bank clearings: Total value of cheques and other collection items cleared through clearing houses. Claims on private sector: Claims by the banking system arising from the rendering of loans and advances, discounting of bills, the holding of securities in private companies, etc. Claims on government: Holdings of government bonds, treasury bills and government guaranteed securities by the banking system, plus circulation of treasury currency. Rates of interest: Rates prevailing in the capital city, except for India, where Bombay rates are used. Call money rate is inter-bank rate on money at call. Exchange rates are shown in unit of national currency per US dollar.

Δ Monthly averages or calendar months.

a. Deposits of State Boards in State Commercial Bank (excluding the State Agricultural Bank).

b. Including foreign assets of the Burma Currency Board up to July 1952.

c. Including a constant amount of 99 million kyats, which is the value of a promissory note issued as cover for the currency issue.

d. 5 year treasury bonds.

e. Debits to demand deposits of private sector.

f. 3% national development loan 1965-1970 to earliest redemption date.

- g. Including bank's holdings of stocks and debentures.
- h. Including the counterpart of post office demand deposits.
- i. Cheques sent out for local clearing and debits to current deposit accounts.
- j. Running yield of 3% paper to earliest redemption date.
- k. Payments agreement liabilities, mainly to Japan and the Netherlands.
- m. Foreign assets were revalued in May 1957. The revaluation proceeds (7 billion rials) are held by the National Bank and are to be used for long term development.
- n. Weighted yield (simple rate of interest) to latest redemption date of medium dated government bonds issued during the period stated.
- P. Including deposits of local government and government institutions in commercial banks and non-governmental foreign currency deposits in Bank of Korea.
- q. Clearing accounts with Japan.
- s. The number of clearing houses was increased in 1952 and 1953.
- t. Including outstanding assets receivable from the Reserve Bank of India under the partition agreements; excluding foreign assets of Banking Department from 1952.
- u. Yield to maturity of 3% bonds 1968.
- v. Total debits to checking account of private sector, except for 1948 when debits to government deposits are included.
- w. Including a constant amount of 107 million pesos from 1952, representing the difference between foreign assets transferred from the Treasury and its note and coin issue, for which the Bank assumed liability.

The agreements and arrangements made by countries of Asia and the Far East to expand trade on a bilateral basis are broadly of two types, namely, general trade agreements and commodity agreements. General trade agreements are usually more comprehensive in character, providing for the exchange of a larger number of commodities over a longer period of time—generally one to five years; they are also more flexible in implementation, as the volume of trade, whether specified or not, need not be completely fulfilled, and the proportions between different commodities listed can be varied by negotiation. Commodity agreements cover one or several commodities for which prices, quantities, and dates of delivery are usually specified.

In 1958, as shown by available data, the countries of the region concluded 37 agreements (counting both types) among themselves, and 107 agreements with countries outside the region. Of the 107 extra-regional agreements concluded, 42 were made by centrally planned economies (mainland China 22, northern Korea 10, and northern Viet-Nam 10) and 65 by private enterprise and mixed economies (Afghanistan, Burma, Ceylon, China: Taiwan, the Federation of Malaya, India, Indonesia, Iran, Japan, southern Korea, Pakistan, the Philippines, and southern Viet-Nam).

¹ Five agreements concluded in November and December 1957 are also included in the list.

Long-term general trade agreements, generally for a period varying from two to five years, usually serve as basis for the short-term ones, which are ordinarily for one year. In 1958 the governments of the region concluded 24 long-term agreements and 83 short-term agreements.

Commodity agreements are of two types, namely, (1) commercial agreements between governments involving purchase or sale of one or several commodities, on a barter basis or against payment in cash or on credit (deferred payment or long-term loan), and (2) surplus agricultural commodity agreements for the sale of United States farm products under United States Public Law 480, with payment in national currency; a substantial part of the proceeds from these sales is commonly used on a loan basis to finance economic development in the recipient country. In 1958, 37 commodity agreements, including 10 surplus agricultural commodity agreements, were concluded. The 10 surplus agricultural commodity agreements involved a total sale by the United States Government of goods whose transaction value, including transportation cost, reached \$474 million (India \$296 million, Pakistan \$82 million, southern Korea \$50 million and Burma, Ceylon, China: Taiwan, the Philippines and southern Viet-Nam \$46 million).

CLASSIFICATION OF TRADE AGREEMENTS BY COUNTRIES OF THE ECAFE REGION IN 1958

	Total	General trade agreements		Commodity agreements	
		Long term ^a	Short term ^b	Commercial	US PL480
<i>Intra-regional</i>					
1. Between mainland China, northern Korea and northern Viet-Nam	5	1	4	—	—
2. Between other ECAFE countries	19	3	5	11	—
3. Between (1) and (2)	13	1	3	9	—
	TOTAL	37	5	12	20
					—
<i>Extra-regional</i>					
1. Soviet Union and eastern European countries					
a. With mainland China, northern Korea and northern Viet-Nam	32	9	23	—	—
b. With other ECAFE countries	24	3	17	4	—
2. Western European countries					
a. With mainland China, northern Korea and northern Viet-Nam	1	—	1	—	—
b. With other ECAFE countries	15	1	14	—	—
3. United States with countries other than mainland China, northern Korea and northern Viet-Nam	10	—	—	—	10
4. Rest of the world					
a. With mainland China, northern Korea and northern Viet-Nam	9	3	5	1	—
b. With other ECAFE countries	16	3	11	2	—
	TOTAL	107	19	71	7
	Grand total	144	24	83	27
					10

^a Two to five years, except one agreement between northern Korea and the Soviet Union which is for a period of seven years.

^b Less than two years; in practice, generally one year.

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Afghanistan—India	21 July 1958 —20 July 1959	Afghanistan: dried and fresh fruits, asafoetida, cumin seeds and medicinal herbs. India: textiles (cotton, woollen, silk, rayon and jute), tea, coffee, spices, dried and salted fish, hydrogenated oils, vegetable oils, tobacco, chemicals and pharmaceuticals, machinery, electric goods, household goods, building materials, hardware, rubber goods, leather manufactures, stationery and paper etc.	Payment in Indian rupees.	Trade arrangement, formalized by exchange of letters in Kabul on 10 July 1958 in terms of the Treaty of Friendship and Commerce of 4 April 1950 between the two countries, with a view to promoting trade and achieving a trade balance. The arrangement will automatically remain valid for another period of one year if neither of the contracting parties gives notice to the contrary two months before its expiry.
Burma—China (mainland)				Trade agreement, signed in Rangoon on 21 February 1958 to further the economic and trade relations between the two countries as called for by the Chinese and Burmese premiers in the joint statement of 12 December 1954.
Burma—Japan	Nov. 1958—April 1959	Japan to supply Burma with cotton textiles processed from US raw cotton.		Cotton goods agreement, signed in Rangoon on 19 November 1958.
Burma—Philippines	June—Aug. 1958	30,000 tons of Burma's rice for the Philippines.	Payment before June 1959 in US raw cotton which was made available to Burma under the US Public Law 480 by agreement of 27 May 1958 between US and Burma, the net weight of such raw cotton as payment to be no greater than the cotton content of the cotton textiles to be supplied to Burma; the processing charges to be paid by Burma in pounds sterling.	Signed on 22 May 1958.
Cambodia—Viet-Nam (northern)				First trade and payments agreement, signed in Phnom-Penh on 19 November 1958.
Ceylon—China (mainland)—	May-June 1958	China to supply Ceylon with 40,000 tons of rice during May and June and 10,000 tons of Cuban raw sugar during May; total value about Rs 25 million.		These transactions are over and above the exchange of commodities stipulated in the trade protocol for 1958; they are part payment of China's trade debt outstanding on 31 December 1957, and were agreed upon in April 1958. Cuban sugar to be sold by China represents a part of the 50,000 tons purchased from Cuba in April 1958.
Ceylon—China (mainland)—	1958—1961	China to supply complete sets of equipment, materials etc. during the four years beginning 1958 to a total value of Rs 50 million.	On loan basis. The total loan is to be repaid in ten equal instalments from 1961 in acceptable third-country currency or with Ceylonese goods. The annual rate of interest on the loan is 2.5 per cent and is to be paid once a year.	Loan agreement, signed in Colombo on 17 September 1958.
Ceylon—India	1 Sep. 1957—31 August 1961	Ceylon: Jaffna chewing tobacco. India: tobacco and beedies.		Tobacco agreement, signed in New Delhi on 13 January 1958. India will permit the import of specified quantities of Jaffna chewing tobacco through Trivandrum during the 4 years at an agreed concessional rate of import duty. The agreement, however, may be terminated on six months' notice after 1 September 1959.
Ceylon—Viet-Nam (northern)		Viet-Nam: 5,000 tons of rice.		First trade contract, signed in Peking on 7 March 1958.
China (mainland)—India	May—Oct. 1958	Total value: 25 million rupees each way. China: caustic soda ash, newsprint, calcium carbide and other industrial raw materials. India: cotton, pepper, tobacco and sandal-wood.		Trade agreement, signed in New Delhi in May 1958 between Chinese and Indian state trading corporations. Trade volume expected to double in the six months after October 1958.
China (mainland)—Indonesia	Feb.—Mar. 1958	25,000 tons of China's rice, valued at £1,022,500.		Signed in Djakarta on 4 February 1958.
China (mainland)—Indonesia		China to supply 20,000 tons of rice and 72 million yards of cloth, valued at 48 million Swiss francs in total.	On loan basis. The loan is repayable in ten years at the annual rate of interest of 2.5 per cent.	Arrangement made in an exchange of notes in Djakarta on 17 April 1958.
China (mainland)—Indonesia		75,000 tons of China's rice, valued at £3,225,000.	By clearing account.	Signed in Djakarta on 13 October 1958.

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (mainland)—Korea (northern)	Through 1958	China: coal, coke, raw cotton, cotton yarn and cloth, machinery, steel rails, soya beans, industrial chemicals etc. Korea: iron ore, pig iron, steel ingots, high-speed steel, carbon tool steel, electrolytic copper and lead and zinc, ammonium sulphate fertilizer, marine products, medicines etc.		Trade protocol, signed in Peking on 21 January 1958. Volume of trade to increase over that of 1957, which was reported to be three-fold that of 1956 and seven times that of 1954.
China (mainland)—Korea (northern)	1959—1962	China: coal, raw cotton, cotton yarn, tyres, tin, rolled steel, ferro-manganese, sulphur, paraffin and gypsum. Korea: iron ore, copper, lead, zinc, high-speed steel, carbon tool steel, calcium carbide, ginseng and marine products.		Long-term trade agreement, signed in Peking on 27 September 1958. At the same time were signed two loan agreements: (1) China to extend a loan to Korea to cover the latter's share of half of the cost of building the Unbong Hydro-Electric Power Station, a joint enterprise, with repayment to be made in goods in the 10-year period beginning 1968; (2) China to extend a loan to Korea for purchase of Chinese machinery and equipment for construction of a textile mill and two cement paper bag plants, with repayment to be made in goods in the 10-year period beginning 1961.
China (mainland)—Korea (northern)	Through 1959	China: coal, rolled steel, manganese iron, raw cotton, cotton yarn, gypsum, sulphur, tyres, chemical reagents, sugar, machinery and machine-tools. Korea: iron ore, copper, zinc, high-speed steel, carbon tool steel, ferro-silicon, fertilizers, seed rice, ginseng and marine products.		Trade protocol, signed in Peking on 18 November 1958. On 17 December a protocol on border area barter trade was signed in Pyongyang by representatives of China's Kirin and Liaoning provinces and the North Korea Union of Producers' Co-operatives.
China (mainland)—Pakistan	1958	150,000 tons of China's coal for 15,000 bales of Pakistan's cotton.		Barter agreement, signed in Karachi on 8 June 1958.
China (mainland)—Pakistan	1958	100,000 tons of China's rice for Pakistan's cotton and jute of equivalent value.		Barter agreement, signed in Karachi on 8 August 1958.
China (mainland)—Viet-Nam (northern)	Through 1958	China: cotton cloth, flour, factory and mine equipment, industrial raw materials, pharmaceuticals and medical apparatus. Viet-Nam: apatite, chromite ore, cement, rice, corn pigs, coffee, timber etc.		Trade agreement, signed in Peking on 31 March 1958. Trade volume to be greater than 1957. At the same time were signed an assistance agreement and an aid protocol, under which China will help Viet-Nam build or reconstruct 13 industrial projects during 1958-1961 with part of the gift of 800 million yuan previously made to Viet-Nam without compensation, and will also supply Viet-Nam gratis with raw cotton, cotton yarn, paper, rolled steel, electric wire and cable machinery, chemical materials etc.
China (Taiwan)—Japan	1 April 1958—31 March 1959	Total value: \$85.25 million each way. China: sugar, rice, banana, canned pine-apple, salt, cedar-wood, molasses, dried bamboo shoots, bagasse pulp, natural essence, tea, camphor etc. Japan: fertilizers, machinery, ferrous and non-ferrous metal products, rolling stock and communication equipment and vessels, electric supplies, textiles, chemicals, pharmaceuticals and medical supplies, ceramics, paper and products, tyres and tubes, aquatic products, wood and products, agricultural products etc.	Open account in dollars, with a swing credit of \$10 million.	Trade plan, signed in Taipei on 21 May 1958 in accordance with the Trade Arrangement of 18 June 1958.
China (Taiwan)—Japan	April 1958—March 1959	350,000 tons of Taiwan sugar.		Sugar agreement, signed in Tokyo on 28 July 1958 in accordance with the 21 May 1958 trade plan.
China (Taiwan)—Japan	Sep.—Nov. 1958	50,000 tons of Taiwan rice, valued at \$7.35 million.		Signed in Taipei on 15 September 1958. The rice was part of the 150,000 tons Japan promised to purchase under the 21 May 1958 trade plan.
China (Taiwan)—Japan	Up to May 1959	100,000 tons of Taiwan rice, valued at \$14.6 million.		Signed in Tokyo on 26 December 1958 under the 21 May 1958 trade plan.
China (Taiwan)—Ryukyus	Dec. 1958—May 1959	8,000 tons of Taiwan rice, valued at \$176,000.	Payment in dollars.	Signed in Taipei on 4 December 1958. The rice was part of the 10,000 tons the Ryukyus promised to purchase before 30 June 1959 in a memorandum signed by the two parties on 1 October 1958.

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Federation of Malaya—Thailand	July—Nov. 1958	30,000 tons of Thailand's rice.		Signed in Bangkok in July 1958.
India—Indonesia	Through 1958	India: cotton textiles and yarn, jute goods, tobacco, linseed oil, hardware, chemicals and pharmaceuticals, tea chests, shellac, sports goods, tyres and tubes, porcelain ware, paper and boards, machinery, agricultural implements, diesel engines, sugar-cane crushers, electrical equipment, sewing machines etc. Indonesia: copra, coconut oil, palm oil, essential oils, spices and betelnuts, timber, raw hides and skins, canes and rattans, gum and resins, tanning materials, sisal fibre, tobacco wrappers etc.	Payment in Indian rupees or pounds sterling.	The 30 January 1958 trade agreement was extended from time to time. For the year 1958 letters were exchanged in January and July extending the validity of the agreement up to 30 June and 31 December respectively.
India—Japan	8 Apr. 1958—7 Apr. 1960	India: spices, tea, tobacco, coffee beans, molasses, sugar, raw cotton, cotton waste, hides and skins, iron and manganese ores, salt, mica, coal, tanning materials etc. Japan: artificial fibre yarn and fabrics, raw silk, iron and steel and other metals, electrical machinery, ships, railway equipment, industrial machinery, drugs and medicines, fertilizers, dye-stuffs, newsprint etc.	Payment in pounds sterling.	Agreement on Commerce, signed in Tokyo on 4 February 1958 for a period of two years. Most-favoured-nation treatment mutually granted. The agreement became effective on 8 April 1958 on exchange of instruments of ratification, and if not terminated at end of the period, will continue in force thereafter until terminated by three months' notice. Also on 4 February 1958 a joint communiqué was issued, according to which Japan will extend to India, through the Export-Import Bank of Japan, credit totalling \$18,000 million (about \$50 million) over a period of three years to finance Indian purchase of capital goods from Japan for implementation of India's Second Five-Year Plan.
India—Viet-Nam (northern)		2 million Indian gunny bags.		Two contracts, each for 1 million gunny bags, signed in New Delhi on 10 April and 23 June 1958 respectively between State Trading Corporation of India and the Democratic Republic of Viet-Nam.
Indonesia—Pakistan	Through 1958	Indonesia: essential oils, sugar, copra, spices, timber, tin, rubber etc. Pakistan: raw cotton, sports goods, gunny bags, hessian cloth, cottage industry products, dates etc.	Payment in transferable pounds sterling.	The 7 February 1958 trade agreement, last extended to end-1957, was further extended up to 30 June and 31 December 1958 in March and June respectively.
Indonesia—Thailand	Feb.—Mar. 1958	60,000 tons of Thailand's rice.		Signed in Bangkok in February 1958.
Indonesia—Viet-Nam (northern)	July—Sep. 1958	10,000 tons of Viet-Nam's rice.		Signed in Djakarta on 10 July 1958.
Japan—Pakistan	1 Sep. 1958—31 August 1959	Japan: textiles, iron and steel, capital goods and machinery, chemicals and dyes etc. Pakistan: raw cotton, jute, hides and skins, salt etc.	Payment in pounds sterling.	Trade agreement, signed in Tokyo on 5 September 1958 for one year beginning 1 September, ratified on 16 December. The previous agreement expired on 30 June 1958.
Japan—Philippines	Indefinite from 7 Jan. 1958	Japan: textiles, machinery, iron and steel products, ships, chemical products, agricultural equipment, building materials etc. Philippines: iron and manganese ores, ramie, china grass, rawan, oil seeds, molasses etc.		
Japan—Thailand	April—July 1958	45,000 tons of Thailand's rice.		Signed in Bangkok on 11 April 1958.
Korea (northern)—Viet-Nam (northern)		Korea: fertilizers, copper wire, eastern medicines etc. Viet-Nam: Apatite, chromium, tin, jute etc.		Trade agreement, signed in Hanoi on 1 December 1958.
Pakistan—Thailand	Through 1959	100,000 tons of Thailand's rice.		Signed in December 1958.
Pakistan—Viet-Nam (southern)	As from 12 May 1959			Agreement reached in May 1958, according most-favoured-nation treatment to goods imported from either country.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Afghanistan—Germany (western)	1 June 1958 —31 May 1960			Trade and payments agreement, signed in Kabul on 31 January 1958, replacing the 17 June 1952 economic agreement.
Afghanistan—USSR	Through 1958	Afghanistan: cotton, wool, lamb skins, dried fruits and spices. USSR: machinery, communications equipment, petroleum products, cotton fabrics and sugar.		Trade protocol, signed in Kabul on 13 February 1958. The protocol does not cover the equipment being supplied by the Soviet Union under the \$100 million credit given in December 1955.
Burma—Bulgaria	Through 1958	Total value: £1.4 million. Burma: rice, maize, cotton and tungsten. Bulgaria: machinery, electric equipment, textiles, fruit preserves, chemicals, cement and drugs.		Trade agreement, signed in November 1957.
Burma—Germany (eastern)	Long-term	Burma: rice and products, tin, wolfram, silver and tea. Germany: machinery, electrical goods, trucks, motor-cycles, medicines, chemical products and paper.	Payment in transferable pounds sterling.	Long-term trade agreement, signed in Rangoon on 15 July 1958. The last long-term agreement was signed on 27 February 1955 for three years.
Burma—Hungary		Burma: rice and products, timber, metal and ores. Hungary: machinery, electrical goods, vehicles and textiles.	Payment in transferable pounds sterling.	Trade agreement, signed in Rangoon on 11 March 1958.
Burma—United States		Total value: \$18 million, including \$1 million of transportation costs. United States: cotton (\$18.0 million), soybean or cotton-seed oil (\$1.8 million), tobacco (\$1 million), dairy products (\$0.6 million).	Payment in Burmese kyats.	Surplus agricultural commodity disposal agreement under US Public Law 480, signed in Rangoon on 27 May 1958. The cotton may be shipped to other countries to be made into yarn and cloth which will then be shipped to Burma; Burma will pay the processing costs. About four-fifths of the sale proceeds will be loaned to the Government of Burma for economic development purposes, and the balance will be used for various US expenditures in Burma.
Cambodia—Poland	1958	Total value: £700,000 each way. Cambodia: rice, maize, pepper, kapok, forest products, hides and tobacco. Poland: machinery and equipment, textiles, leather goods and rubber shoes.	Payment to be cleared through accounts kept in pounds sterling, with a swing credit of £140,000. Final settlement to be effected in pounds sterling or other acceptable currency.	Trade and payments agreement, signed in Phnom-Penh on 17 December 1957, to come into operation two weeks after ratification.
Ceylon—Australia		Ceylon: tea, desiccated coconut and cottage industry products. Australia: flour, processed milk, butter, sugar and fruits.		Trade arrangement, embodied in a joint statement signed in Colombo on 29 August 1958 by Australian Trade Minister and Ceylonese Minister of Commerce and Trade. Australia has agreed to protect imports of Ceylon's tea against unfair competition and raise the permissible import level of desiccated coconut (Ceylon being virtually the sole supplier) from an annual rate of 9 million lb. to 12 million lb. Ceylon will buy from Australia 30,000 tons of flour in 1958 and 100,000 tons annually in 1959 and 1960.
Ceylon—Egypt		20,000 tons of Egypt's rice, valued at £688,000.		Arranged in December 1957.
Ceylon—Italy	1 June 1958 —31 May 1959	Ceylon: tea, rubber, coconut products, spices, essential oils, graphite, papain etc. Italy: machinery, motor vehicles, precision instruments, stationery, textiles, chemical products, hardware, fruits and vegetables etc.	Payment to be settled in pounds sterling.	Letters exchanged in Colombo on 29 April 1958, extending the validity of 28 April 1957 trade agreement for another year. The agreement also provides for reciprocal most-favoured-nation treatment.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Ceylon—USSR	8 Feb. 1958—7 Feb. 1959	Ceylon: rubber, tea, coconut products, citronella oil and spices. USSR: petroleum products, rolled iron and steel products, machinery and equipment, fertilizers, cement and timber.	Payment to be cleared through accounts kept in pounds sterling, with a swing credit of £300,000. Final settlement to be effected in pounds sterling or other acceptable currency.	Trade and payments agreements, signed in Colombo on 8 February 1958. The trade agreement also provides for mutual granting of no less favourable treatment than has been accorded to any other country and carries Soviet acknowledgement of Ceylon's "Ceylonisation of trade policy. Both agreements will be automatically renewed for further periods of one year unless terminated on three months' notice. On 25 February 1958 an agreement on economic and technical co-operation was signed in Colombo, under which USSR will supply Ceylon with equipment, machinery and materials and technical assistance and extend to Ceylon a loan of 120 million roubles at 2.5 percent interest per annum for paying such goods and services, and Ceylon will repay the loan over 12 years by deliveries of Ceylonese goods or in pounds sterling or other acceptable convertible currency.
Ceylon—United States	1958	US rice valued at \$4.2 million, including transportation costs.	Payment in Ceylonese rupees.	Surplus agricultural commodity disposal agreement under US Public Law 480, announced by US Department of Agriculture on 18 June 1958. The proceeds from this sale are to be used for various purposes, including agricultural market development, grants for economic development, loans to private US and Ceylonese firms, payments of US Government expenses in Ceylon, etc.
Ceylon—United States	1958	US wheat flour valued at \$2.1 million, including transportation costs.	Payment in Ceylonese rupees.	Supplemental surplus agricultural commodity disposal agreement under US Public Law 480, announced by US Department of Agriculture on 30 June 1958.
China (main-land)—Albania	Through 1958	China: wheat, tin, silk, woollen cloth, paper, tea, tyres etc. Albania: oil, copper and cotton cloth.		Trade protocol, signed in Tirana on 12 March 1958. Trade volume to be increased by 15 per cent over 1957.
China (main-land)—Bulgaria	Through 1958	China: tin, silk, tea, asbestos, tyres, spinning machines and chemical materials. Bulgaria: lead, zinc, ammonium nitrate, lead tobacco, penicillin and cotton cloth.		Trade protocol, signed in Sofia on 18 March 1958 under the long-term (1958-1960) trade agreement of 11 October 1957.
China (main-land)—Bulgaria	Through 1959	China: grain, tung oil, cotton, tyres, animal products, electric equipment, cotton knitwear, silk etc. Bulgaria: electric power stations, electric motors, various kinds of machinery, lead ingots, fertilizers, sugar-beet seeds etc.		Protocol under long-term trade agreement, signed in Peking on 18 December 1958. Trade volume to be bigger than in 1958. Another protocol was signed at the same time, extending the agreement, concluded in 1957 for 1958-1960, up to 1962 and giving a supplementary list of goods to be exchanged.
China (main-land)—Czechoslovakia	Through 1958	China: mineral products, animal products, foodstuffs, silk, tea, tobacco and chemicals. Czechoslovakia: equipment for power stations and nitrogenous fertilizer plants, tractors, diesel engines, water pumps, electric generators, vehicles and machine-tools.		Trade agreement, signed in Peking on 16 April 1958. Trade volume to increase by one fifth over 1957. On 7 May a protocol on the exchange of daily necessities was signed in Prague.
China (main-land)—Denmark	1 Dec. 1957—30 Nov. 1958	China: animal by-products, foodstuffs, spices, oils and other vegetable products, handicrafts, chemicals, textiles and fibres, machinery and metals. Denmark: machinery and industrial equipment, transportation equipment, metals and tools, electrical and telecommunications equipment, surgical instruments, dairy products and other food items, and medicines.	Payment to be effected on a multilateral basis in transferable Danish kroner, transferable pounds sterling, or other acceptable currency.	First trade and payments agreement, signed in Peking on 1 December 1957. Most-favoured-nation treatment mutually granted. The agreement will be automatically renewed for further periods of one year unless terminated on three months' notice.
China (main-land)—Germany (eastern)	Through 1958	China: minerals, farm products, hides, canned food, chemical materials, handicrafts, textiles etc. Germany: complete sets of industrial equipment, machinery, precision optical instruments, electrical equipment and printing machinery.		Trade protocol, signed in Berlin on 28 April 1958. Trade volume to increase by 8 per cent over 1957.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (main-land)—Hungary	Through 1958	China: minerals, animal by-products, food-stuffs, silk and silk piece-goods, tyres, railway freight cars, looms, woollen piece-goods and paper. Hungary: power stations, vehicles for highways and city traffic, tractors, diesel engines, telecommunications equipment, diesel locomotives, rolled steel, water pumps, instruments and pharmaceuticals.		Trade agreement, signed in Peking on 21 March 1958.
China (main-land)—Hungary	1959—1962	China: soya beans, tungsten and molybdenum ores, tin, mercury, canned food, tea, silk, tyres, machine-tools, textile machinery, electronic tubes and radio spare parts. Hungary: Power stations, refrigeration equipment, diesel locomotives and trains, rolled steel, machine-tools and high-frequency telecommunications equipment.		Long-term trade agreement, signed in Peking on 21 April 1958. A trade protocol was also signed in Budapest on 12 June 1958, under which Hungary will supply China with diesel engines, various kinds of other industrial equipment and consumer goods.
China (main-land)—Iraq		30,000 tons of Iraqi dates.		
China (main-land)—Morocco	One year	Total value: 5,100 million Moroccan francs each way. China: tea, machinery and equipment, synthetic fibres and silk fabrics. Morocco: phosphate, superphosphate, transport vehicles, minerals, non-ferrous metals, sardines and cotton.	On clearing basis.	First trade agreement, signed in Rabat on 27 October 1958. The trade volume is much greater than last year's.
China (main-land)—Norway			Payment in Norwegian kroner or other acceptable currency.	Trade and payments agreement, signed in Peking on 4 June 1958. It provides for exchange of a wide range of goods and most-favoured-nation treatment in regard to custom duties and shipping.
China (main-land)—Outer Mongolia	Through 1958	China: machines, wood-working tools, cotton and silk and woollen textiles, dried fruits, cement, handicraft products etc. Outer Mongolia: horses, wool, camel hair, skins and hides, and other animal products.		Trade protocol, signed in Peking on 28 January 1958. Trade volume to be greater than that of 1957.
China (main-land)—Outer Mongolia		China to provide Mongolia with a long-term loan of 100 million roubles and, between 1959 and 1961, help to build two electric power stations, three reinforced concrete motor-road bridges, a poultry farm, starch factory, alcohol plant, workshop for small metal products and 50,000 square metres of housing.	Repayment by deliveries of Mongolian commodities in the 15-year period beginning 1962.	Agreement on economic and technical aid, signed in Peking on 29 December 1958. A protocol on implementation of the agreement was signed at the same time.
China (main-land)—Poland	Through 1958	Total value: about 350 million roubles each way, 14 per cent increase over 1957. China: oil-seeds, vegetable oils, iron and tungsten and molybdenum ores, non-ferrous and precious metals, sulphur, magnesite, asbestos, petroleum, coke, wool, camel hair, bristles, hides, intestines, jute, cotton, hemp, raw silk, plant fiber, raw materials and articles for the chemical industry. Poland: machinery and equipment for the Polish-built industrial plants in China (a sugar refinery combine and coal washers), diesel engines, Warsaw cars and ambulances, Star trucks, tractors, a 10,000-ton ship, machine-tools, railway engines, pumps, medical instruments, electrical equipment, rolled goods, chemicals and pharmaceuticals etc.		Trade agreement, signed in Peking on 7 April 1958. In June both countries further agreed to increase this year's trade volume by 50 per cent over 1957. Additional export items include China's watches, fountain pens, clothing etc., and Poland's agricultural machines, optical instruments etc.
China (main-land)—Poland	1959—1962	China: soya beans, iron ore, tungsten ore, molybdenum ore, mercury, tea, silk piece-goods, canned fruits, oranges etc. Poland: means of transportation, heavy machine-tools, rolled steel, and 17 complete sets of equipment, including coal-dressing plants, fertilizer plants and other plants.		Long-term trade agreement, signed in Peking on 7 April 1958. Trade volume to increase about 10 per cent each year. The value of basic goods to be delivered during the period amounts to about 600 million roubles each way.
China (main-land)—Romania	Through 1958	China: tin, leather, tyres, steel products, jute, leather and rubber shoes etc. Romania: equipment for cement plants, power stations and blast furnaces, drilling and other machinery, tractors, lorries, petroleum and chemical products.		Trade agreement, signed in Bucharest on 30 March 1958, providing for big increase over 1957 in volume and variety of goods to be exchanged.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (main-land)—Romania	1959—1962	China: soya beans, rice, minerals, machines and instruments, consumer goods etc. Romania: equipment for power stations and cement works, drilling machines, oil-tank wagons, blast furnace blowers, petroleum and other products.		Long-term trade agreement, signed in Peking on 21 July 1958.
China (main-land)—Sudan		Total value: £1 million each way. China: cotton cloth, silk, rubber shoes, sugar, chemical products, tyres, and steel products. Sudan: cotton.		Barter agreement, concluded in Sudan in July 1958. Earlier, a joint communiqué on trade talks was issued in Peking on 9 January 1958, for promoting trade relations between the two countries.
China (main-land)—Tunisia	25 Sep. 1958 —24 Sep. 1959	Total value: about 9 million Swiss francs each way. China: tea, textiles, silk fabrics, newsprint, machines and vehicles. Tunisia: phosphate, olive oil and lead ingots.	On clearing basis.	First trade agreement, signed in Tunis on 25 September 1958. The agreement will be automatically renewed for another year if neither side suggests amendments or cancellation three months before its expiry.
China (main-land)—USSR	Through 1958	China: tin, mercury, tungsten ore, molybdenum ore, sulphur, wool, raw silk, woolen textiles, silk and brocades, ready-made clothes and knitwear, tea, tobacco, tung oil, soya beans, fruits etc. USSR: industrial equipment, instruments and tools, motor vehicles, tractors, agricultural machinery, petroleum and products, ferrous and non-ferrous rolled metal materials, electric cables, chemical products etc.		Trade protocol, signed in Peking on 23 April 1958. Trade volume to be greater than 1957. At the same time was signed a Treaty of Commerce and Navigation, which became effective on 25 July 1958 on exchange of instruments of ratification and will remain in force until terminated on six months' notice. The treaty provides, <i>inter alia</i> , for reciprocal most-favoured-nation treatment and establishment of offices and branch offices of commercial representatives by each in the territory of the other.
China (main-land)—United Arab Republic	Three years	China: frozen mutton and beef, canned food, cereals, tea, silk, machinery, chemical raw materials, building materials etc. UAR: cotton, cotton yarn, staple fibres, minerals etc.		Three-year trade and payments agreement, signed in Cairo on 15 December 1958. At the same time was signed a one-year protocol providing for transactions of £15 million each way. The last 3-year trade agreement between mainland China and Egypt was concluded on 22 August 1955.
China (main-land)—Yemen	16 May 1958 —15 May 1958	China: rolled steel, machinery, vehicles, building materials, telecommunications equipment, instruments, chemical raw materials, textiles (silk, woolen and cotton), agricultural products and animal by-products. Yemen: raw coffee, cotton, cotton-seed oil, oil-seeds, raw hides, tobacco, walnuts, apricot kernels, broad beans, raisins, salted fish, minerals etc.	Payment in pounds sterling or other acceptable currency.	Treaty of Commerce, signed in Peking on 12 January 1958 in accordance with the Treaty of Friendship of the same date. Most-favoured-nation treatment mutually granted. The treaty, which became effective on 16 May 1958 on exchange of instruments of ratification, will remain in force for a period of five years, and will continue to be valid for periods of five years unless terminated by notice six months before its expiry.
China (main-land)—Yugoslavia	Through 1958	Total value: £7 million each way. China: tin and various minerals, sulphur, vegetable oils, chemicals, tyres, silk and silk goods, hides, tea, sugar etc. Yugoslavia: chemicals, medicines, ferrous and non-ferrous metals, machinery, tobacco and textiles.		Trade protocol, signed in Belgrade on 28 February 1958.
China (Taiwan)—United States		Total value: \$12.1 million, including \$1.6 million of transportation costs. United States: wheat (\$7.5 million), soy-bean oil and/or cotton-seed oil (\$1.8 million), tobacco (\$1.7 million).	Payment in New Taiwan dollars.	Surplus agricultural commodity disposal agreement under US Public Law 480, signed in Taipei on 18 April 1958. The sale proceeds are to be used in the following ways (in New Taiwan dollars equivalent to the amounts given): \$6 million for military assistance; \$3 million for loans by the Export-Import Bank of Washington to private US and Chinese firms; \$3.1 million for international educational exchange and other US Government expenses in China.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Federation of Malaya—Australia	26 Aug. 1958 —25 Aug. 1961	Malaya: rubber, tin and undressed sawn timber. Australia: flour, wheat, processed milk, other dairy products and fruits.		Trade agreement, signed in Kuala Lumpur on 26 August 1958 for a minimum period of three years. The agreement provides, <i>inter alia</i> , for (a) fair trading; (b) duty-free import of the Federation's rubber and tin into Australia and of Australia's wheat, flour and tallow into the Federation; and (c) the Federation's import of at least 80,000 tons of Australian flour annually.
India—Bulgaria	Through 1958	India: tea, coffee, spices, unmanufactured tobacco, hydrogenated vegetable oil (edible), lac including shellac, cotton (raw and waste), wool (raw and waste), drugs and medicines, bicycles and parts, coir yarn and manufactures, sports goods etc. Bulgaria: drugs and medicines including penicillin, chemicals, electrical instruments, machinery equipment, metal-working machines, diesel engines, radio sets, cement, stationery etc.	Payment in Indian rupees.	Letters exchanged in New Delhi on 20 May 1958, extending the validity of the schedules attached to the trade and payments agreement, concluded on 18 April 1956 and revised on 20 June 1957, for a further period of one year ending 31 December 1958.
India—Canada		400,000 tons of Canadian wheat.	Financed by a Canadian loan.	Agreement signed in Ottawa on 20 February 1958. The loan is to be repaid in seven equal annual instalments beginning 31 March 1961. It will bear 4.25 per cent interest, payable annually, beginning 31 March 1958.
India—Egypt		India: tea and jute goods. Egypt: cotton.	Payment in Egyptian pounds. Export and import of other goods will continue to be paid for in Indian rupees.	Payment arrangement, made in March 1958 as an exception to the rupee payment arrangement of 1957.
India—Ethiopia	18 Apr. 1958 —31 May 1959	(Lists of articles available for export from either country to be exchanged periodically.)		First trade agreement, signed in New Delhi on 18 April 1958. Most-favoured-nation treatment mutually granted. The agreement may be continued for a further period of one year subject to agreed modifications. India has been exporting cotton yarn and cloth, jute goods, aluminium goods, spices, oils and fats etc. to Ethiopia and importing therefrom raw hides and skins, grains and pulses etc.
India—Finland	Through 1958	India: tobacco, hides and skins, cashew-nuts, spices, jute goods, tea, coffee, shellac, coir yarn and manufactures, fibre for brushes and brooms, myrobalans and extracts, vegetable oils, handicrafts and cottage industry products, cotton textiles, coal, iron ore, surgical dressings, prawns and other canned provisions, rubber goods, canvas shoes etc. Finland: mechanical and chemical wood pulp, newsprint, paper and products, boards, stationery, household and sanitary porcelain, steel files, electrical and telecommunication cables, machinery for farming, wood-working, plywood and road making, internal combustion engines etc.	Balance to be settled in pounds sterling.	Letters exchanged in New Delhi on 23 June 1958, extending the validity of the trade arrangements of 12 January 1951 and 2 September 1952 for a further period of one year with some additions to the schedules. Last extension was made on 21 March 1957 for a period of one year up to 31 December 1957.
India—Germany (eastern)	Through 1959	India: tea, coffee and preserved fruit, raw materials, textile and leather products, handicrafts etc. Germany: machine-tools, polygraphic machinery, products of precision of the mechanical and optical industries, electrical equipment, textile machinery, fertilizers etc.	A central clearing account in Indian rupees to be set up. The rupees earned by export of German goods are to be utilized for purchase of Indian products.	Supplementary trade arrangement, signed in Berlin on 3 November 1958. This increased trade will be conducted on a balanced basis. At the same time, the three-year trade agreement of 8 October 1956 was extended up to 31 December 1959.
India—Greece	14 Feb. 1958 —31 Dec. 1959	India: jute goods, linen, vegetable oils, tea, coffee, spices, gums and resins, hides and skins, wool, hemp, leather, cotton piece-goods, shellac, cashew-nuts, mica, tobacco, coir products, sports goods, handicraft and handloom products, fruit products etc. Greece: fruits, olives and olive oil, honey, wines and alcoholic beverages, saffron, canned vegetables, sulphur, soap, tanning extracts, activated carbon, marbles, emery and corundum, cement other than portland, barites, agricultural machinery and tools, electric motors, diesel engines, cotton and rayon yarns etc.	Settlement in pounds sterling.	First trade agreement, signed in New Delhi on 14 February 1958. With regard to imports, India will treat Greece on a par with the countries in the soft currency area and Greece will treat India on a par with the OEEC countries, subject to specific commitments with neighbouring countries. Most-favoured-nation treatment to be given to ships reciprocally. The agreement may be extended. The schedules expire on 31 December 1958 and will be adopted afresh for each calendar year.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
India—Hungary	1958—1959	India: iron ore, mica, pepper, shellac, raw goat and sheep skins, coffee, tea, vegetable oils, tobacco and manufactures, cordage and ropes, paints and lacquers, tapioca and products etc. Hungary: hardware, implements and instruments, electrical goods and appliances, machinery, non-ferrous metals, chemicals, pharmaceuticals etc.	Payment in Indian rupees, balance convertible into pounds sterling.	Letters exchanged in New Delhi on 16 January 1958, extending the validity of 17 June 1954 agreement for a further period of two years ending 31 December 1959 with some modifications.
India—Iraq	One year from date of ratification	India: cotton textiles, tea, jute goods, light engineering products, plastic goods, pharmaceuticals, chemicals etc. Iraq: dates, hides and skins etc.		Trade agreement, signed in Baghdad on 29 December 1958. Most-favoured-nation treatment mutually accorded.
India—Italy	Through 1958	India: iron and manganese ores, mica, lac and shellac, spices, coin and manufactures, raw goat and sheep skins, tea, tobacco, hydrogenated oils, essential oils, leather footwear, carpets etc. Italy: preserved foodstuffs, artificial silk yarn and fabrics, staple fibre, haberdashery, manufactures of aluminium and alloys thereof, magnesium alloys and manufactures thereof, rolling stock, machinery, machine-tools etc.	Payment and settlement to be regulated in accordance with the Sterling Payment Agreement between United Kingdom and Italy in force at the time of remittance.	Letters exchanged in New Delhi on 2 January 1958, extending the validity of the 29 July 1954 trade arrangement, as amplified in letters exchanged on 14 December 1955, for a further period of one year up to 31 December 1958. The arrangement provides for Italy to treat imports from India on a par with those from OEEC countries.
India—Poland	12 Mar. 1958 —31 Dec. 1959	India: iron and manganese ores, mica, tea, tobacco, hydrogenated oils, leather goods, cotton and woollen textiles, silk and artificial silk fabrics, handicrafts and cottage industry products, soap etc. Poland: essential machinery for mining, drilling and road building, textile machinery, complete plants, cranes, tractors etc.	On clearing basis in Indian rupees.	Special payments arrangement in addition to 3 April 1956 trade agreement, signed in New Delhi on 12 March 1958 for special trade development.
India—Poland	Through 1958	India: iron and manganese ores, mica, shellac, tea, coffee, spices, tobacco, cashew-nuts and oils, tanned hides and skins etc. Poland: machinery, rolled steel products, electrical instruments, diesel engines, agricultural implements and instruments, locomotives, newsprint, optical and medical instruments, chemicals, drugs and medicines etc.	Payment in Indian rupees. Balance convertible into pounds sterling.	Letters exchanged in New Delhi on 31 March 1958, extending the schedules attached to the 3 April 1956 trade agreement, as modified by letters exchanged on 1 March 1957, for a further period of one year ending 31 December 1958. The original agreement will remain valid up to 31 December 1959.
India—Poland	Through 1959	India: iron ore, mica, raw hides, tea, pepper etc. Poland: equipment for industrial plants and for mines, machine-tools, rolling stock, electro-technical apparatus, steel, iron goods, fertilizers etc.		Trade protocol, signed in Warsaw on 15 November 1958.
India—Romania	Through 1958	India: jute goods, iron ore, timber, tea, coffee, spices, hides and skins, cotton yarn and textiles etc. Romania: vessels, oil prospecting and drilling equipment, locomotives and other railway materials, petroleum products, cement etc.	Payment in Indian rupees or pounds sterling.	The schedules attached to the 23 March 1954 trade agreement were last modified in January 1957 for that year. For 1958, letters were exchanged in New Delhi on 20 January, 18 June and 2 September, extending the validity of the schedules up to the end of June, September and December respectively.
India—Sweden	Up to end 1959	India: spices, jute goods, cotton textiles, manganese ore, chrome and iron ores, shellac, cotton waste, coir and products, myrobalan and extracts, mica, castor oil, coffee, cashew kernels, sheep and goat skins etc. Sweden: wood and timber, pulp, paper and board, newsprint, various kinds of machinery and equipment, generators, instruments and apparatus, hand tools etc.		Letters exchanged in New Delhi on 29 November 1958, extending the validity of the schedules attached to the May 1955 trade arrangement with addition of some items. The schedules were last revised in June 1957.
India—USSR	2 Dec. 1957— 1 Dec. 1958	India: tea, jute manufactures, raw wool, coffee, spices, shellac, hides and skins, cashew-nuts, mica, unmanufactured tobacco, footwear, fruits and vegetables etc. USSR: iron and steel manufactures, non-ferrous metals, mining equipment, heavy electrical plant and equipment, heavy machinery, machine-tools, ball-bearings etc.	Payment in Indian rupees. Balance convertible into pounds sterling.	Letters exchanged in New Delhi on 3 January 1958, extending with some additions the schedules attached to the 2 December 1955 trade agreement, as expanded by letters exchanged on 30 January 1957, for another year ending 2 December 1958, the date on which the original agreement expires.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
India—USSR	2 Dec. 1958—1 Dec. 1963	India: tea, spices, hides and skins, wool, tobacco, shellac, cashew-nuts, vegetable and essential oils, jute fabrics and sacks, leather goods, woollen fabrics, coconut fibre products etc. USSR: various types of equipment, including complete plants for industrial enterprises and equipment for power generation, oil drilling, coal mining and irrigation construction, machine-tools, tractors, agricultural machines, rolled steel, non-ferrous metals, petroleum products, cereals etc.	Payment in Indian rupees under a clearing system without conversion of rupee balance, if any, into any other currency.	Second five-year trade agreement, signed in Moscow on 16 November 1958. Most-favoured-nation treatment mutually granted. The first five-year agreement expired on 2 December 1958.
India—United States		Total value: \$57 million, including \$11 million of transportation costs. United States: wheat (\$37 million), corn (\$6 million), grain sorghums (\$4 million).	Payment in Indian rupees.	Second surplus agricultural commodity disposal agreement under US Public Law 480, signed on 23 June 1958. The equivalent of \$35 million of the sale proceeds is to be used for an economic development loan to the Government of India, the balance of \$22 million for other purposes including loans to US and Indian private enterprises by the Export-Import Bank of Washington, meeting US obligations in India etc. The first such agreement was concluded on 29 August 1956, and an amendment to it was announced early in 1958.
India—United States		Total value: \$288.8 million, including \$43.7 million of transportation costs. United States: wheat, flour, and bulgur (\$182 million); grain sorghums (\$8 million); corn (\$5.1 million).	Payment in Indian rupees.	Third surplus agricultural commodity disposal agreement under Public Law 480, announced by the US Department of Agriculture on 26 September 1958. The sale proceeds are to be used in the following ways: 25 per cent for loans to US and Indian private enterprises by the Export-Import Bank of Washington; 48 per cent for a loan and 15 per cent for a grant to the Government of India for economic development; and 12 per cent for various US expenditures in India.
India—Yugoslavia	Through 1958	India: iron and manganese ores, mica, shellac, tea, coffee, tea, coffee, tobacco, spices, hides and skins, cotton textiles, raw cotton, raw wool and waste, jute goods, cashewshell oil, handicrafts etc. Yugoslavia: iron and steel products, rolling stock, steam boilers, diesel and steam locomotives and tractors, turbines, motors, aluminium, lead and zinc products, electrical goods, medical apparatus and instruments, chemicals and pharmaceuticals, dyeing and tanning substances etc.	Payment to be settled in Indian rupees or pounds sterling.	Letters exchanged in New Delhi on 26 April 1958, extending the schedules attached to the 31 March 1956 trade agreement, as modified by letters exchanged on 19 June 1957, for a further period of one year ending 31 December 1958. The original agreement will remain valid up to 31 December 1959.
Indonesia—Czechoslovakia	10 May 1958—Nov. 1959	Total value: £12 million each way. Indonesia: rubber, tin, sisal, mother-of-pearl etc. Czechoslovakia: engineering products etc.	By clearing system.	Trade protocol, signed in Djakarta on 9 May 1958, restoring the old "clearing" system which was abandoned in November 1956 in favour of sterling cash payment. A contract was signed on 2 October 1958 for the purchase from Czechoslovakia of tractors and machinery worth £3.6 million on a long-term credit basis.
Indonesia—Finland	1 Apr. 1958—31 Mar. 1959	Indonesia: tin, spices, coffee, rubber, rat-tan, tobacco, copra etc. Finland: plywood, wood-pulp, paper and newsprint, motor-cycles etc.	Payment in transferable pounds sterling.	Protocol, signed in Helsinki on 16 September 1958 under the 1951 trade agreement as modified in 1957. Unless terminated on three months' notice the protocol will be automatically extended for periods of one year. Another protocol was signed on 16 November 1958, abolishing the quota system in the trade between the two countries.
Indonesia—Germany (eastern)	One year	Indonesia's copra.		Signed in Djakarta on 22 December 1958.
Indonesia—Poland	1959—1961	Indonesia to purchase 24 Polish ships, totalling 62,000 tons, valued at about \$39 million.	On a long-term credit basis.	Signed in Warsaw on 27 June 1958. Delivery will begin 1959.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Indonesia—Poland		Indonesia: rubber, copra, tin, palm-oil, fibres, tea, coffee and tobacco. Poland: ships, equipment for shipyards, complete industrial plants and factories, machinery, electrical equipment, building materials, agricultural machines and tractors.	Payment in transferable pounds sterling or other acceptable currency.	Trade agreement, signed in Djakarta on 7 August 1958, provisionally effective as from 20 June 1958. The September 1955 trade agreement providing for payment on clearing basis expired on 30 April 1957.
Indonesia—USSR	Oct. 1958—Mar. 1959	USSR to sell to Indonesia 200,000 tons of rice, valued at £8,695,000 including freight.	Payment to be made four months after arrival of each shipment.	Signed in Djakarta on 7 October 1958.
Iran—France	Through 1958		Payment to be settled in transferable French francs or other acceptable currency.	Trade and payments agreements, signed in Paris on 7 January 1957. The previous agreement, concluded in 1949, expired on 1 October 1957.
Iran—Italy	10 Feb. 1958 —9 Feb. 1959	Iran: raw cotton, oil-seeds, oil-seed cakes, timber, dried fruit and vegetables, skins, carpets etc. Italy: textile, iron and steel products, machinery and apparatus, motor vehicles, electrical and mechanical precision equipment and chemical products.	Payment to be settled in multilateral lire.	Trade and payments agreements, signed in Rome on 29 January 1958, automatically renewable for annual periods unless terminated on three months' notice.
Iran—Poland		Total value: \$11.2 million each way annually. Iran: rice, dried fruits, wool, silk, carpets, minerals, semi-precious stones, cotton etc. Poland: manufactured goods and machinery.		Trade agreement, signed in Teheran on 13 October 1958.
Iran—USSR	1 Apr. 1958—31 Mar. 1959	Iran: rice, fish products, dried fruits, oil-seeds, cotton, wool, hides tobacco, carpets etc. USSR: industrial and agricultural machinery, cars, ironware, timber, paper, chemical goods, medicines, sugar, textiles etc.		Agreement on implementation of the three-year (1957-1960) trade agreement for the second year, signed in Teheran on 15 April 1958. Trade volume to be considerably greater than the previous year.
Japan—Brazil	1 Jan.—31 Aug. 1958	Total value: \$35 million each way annually. Japan: iron and steel products, non-ferrous metals, chemicals, textiles, machinery, ships, marine products etc. Brazil: raw cotton, rice, hides and skins, coffee, soya beans, raw wool, vegetable oils etc.	Open account based on dollar.	The 1952 trade and payments agreement, last extended to end-1958, was further extended in January and June up to 30 June and 31 August 1958 respectively.
Japan—Brazil	16 Oct. 1958 —15 Oct. 1959	Total value: \$42.5 million each way. Japan: iron and steel products, non-ferrous metal products, chemical products, machinery, ships, rolling stock, dynamos etc. Brazil: raw cotton, sugar, soya beans, wool, coffee, cocoa and cocoa butter etc.	Payment in transferable pounds sterling or other acceptable currency.	Trade and payments agreement, signed on 17 October 1958. This agreement will be automatically renewed for another year unless notice to the contrary is given 90 days before its expiry.
Japan—Cuba	24 Feb. 1958 —30 June 1959			Trade modus vivendi, concluded on 20 February 1958, effective from 24 February to 30 June 1958, granting most-favoured nation treatment to Japanese imports into Cuba except textiles. The modus vivendi was extended on 27 June and 30 December 1958 up to 31 December 1958 and 30 June 1959 respectively.
Japan—Egypt		Japan to supply \$80 million worth of factories, machinery and instruments.	Payment to be made over a period of ten years.	Economic and technical agreement, signed in Tokyo on 14 September 1958.
Japan—Egypt	28 Nov. 1958 —27 Nov. 1959	Japan: fibre products, canned fish, paper and products, iron and steel products, electric machinery, communication appliances, automobiles etc. Egypt: raw cotton, phosphate rock, rice and salt.	Payment in pounds sterling or other transferable or convertible currencies instead of the former open account formula under 1953 arrangements.	Trade and payments arrangements, signed in Cairo on 8 November 1958.
Japan—France	15 Nov. 1958 —31 Mar. 1959	Japan: raw silk, chemical fibre goods, green tea, metals, silk fabrics, pearls, essential oils etc. France: nickel ore, potassium, phosphate rock, automobile parts, salt, anthracite etc.	Payment in transferable pounds sterling or French francs.	Notes exchanged in Paris on 7 November 1958, extending the 15 November 1957 commercial arrangement up to 31 March 1959.
Japan—Greece	1 April 1958 —31 Mar. 1959	Total value: \$2.5 million each way. Japan: machinery and parts, metals and metal products, ceramics, textiles, canned fish meals, chemical and pharmaceuticals, vessels etc. Greece: dried fruits, cotton, leaf tobacco, minerals etc.	Open account in dollars, with a swing limit of \$500,000. But Japan's exports of vessels and some miscellaneous goods will be paid for in cash.	Notes exchanged in Athens on 27 September 1958, extending the trade plan of 14 August 1957 for one year retroactively from 1 April.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Japan—Haiti	Three years upon ratification			Trade agreement, signed in Tokyo on 17 December 1958. Most-favoured-nation treatment mutually accorded. Japanese sewing machines and Haitian sugar have been the principal items in the trade between the two countries.
Japan—Israel	1 April 1958 —31 Mar. 1959		On hard cash or deferred payment basis instead of the former barter system. In case of deferred payment to Japanese exporters, the payment will be guaranteed by the Government of Israel.	Trade arrangements, concluded in Tokyo in February 1958.
Japan—Morocco	24 Dec. 1957 —23 Dec. 1959	Total value: \$3.4 million each way annually. Japan: green tea, nylon fishing nets, electric batteries, raw silk, nylon ropes, plastic fishing floats, trucks and tri-cars and parts, raw materials for antibiotics, vitamins etc. Morocco: phosphorus ore, cork (raw and manufactured), leather footwear, preserved foodstuffs, sheep guts, oil-seeds etc.	Payment in transferable pounds sterling or French francs.	First trade agreement, signed in Rabat on 16 May 1958 for one year, with effect from 24 December 1957. It was extended on 23 December 1958 for another year.
Japan—New Zealand	9 Sep. 1958— 8 Sep. 1961	Japan: textiles (cotton, rayon, nylon and silk), machinery, electrical appliances, motor-cycles, cameras, canned fish and fruits etc. New Zealand: wool, meat, dairy products, hides and skins, beef tallow etc.	Payment in pounds sterling.	Trade agreement, signed in Wellington on 9 September and ratified on 26 November 1958. Most-favoured-nation treatment mutually accorded. The agreement will remain in force for an initial period of three years, subject thereafter to three months' notice of termination.
Japan—Poland	26 April 1958 —25 April 1959	Japan: agar-agar, canned goods, raw silk, textiles, tyres, copper wire, bearings, chemical products, watches, cameras etc. Poland: hops, malt, barley, vegetable seeds, natural cheese, molasses, medical herbs, oak, lard, raw materials for pharmaceuticals etc.	Settlement of accounts in transferable pounds sterling or in dollars.	Trade and payments agreement, signed in Tokyo on 26 April 1958, automatically renewable for periods of one year. A Treaty of Commerce, granting reciprocal most-favoured-nation treatment with regard to trade matters and national treatment to each country's shipping, valid for five years after ratification, was signed at the same time.
Japan—Sweden	1 Apr. 1958— 31 Mar. 1959	Japan: textiles, chemical products, porcelain, agricultural products, machinery etc. Sweden: rayon pulp, paper pulp, rosin, iron and products, machinery etc.	Payment in Swedish kronor or pounds sterling.	Trade protocol, signed in Stockholm on 14 May 1958. Japan to continue extending to imports from Sweden the same treatment as given to imports from the sterling area, and Sweden to continue treating imports from Japan substantially the same as those from OEEC countries.
Japan—USSR	6 Dec. 1958— 5 Dec. 1959	Total value: about \$35 million each way. Japan: machinery and equipment, fishing boats, steel products, fibres and rayon, pharmaceuticals and medical apparatus etc. USSR: lumber, coal potassium, crude oil and heavy oil, manganese ore, platinum, chrome ore, magnesia clinker etc.	Payment in pounds sterling.	Trade protocol, signed in Moscow on 4 December 1958 under the 6 December 1957 trade and payments agreement. The agreement, initially valid for one year, is automatically renewable for periods of one year unless terminated on three months' notice, subject to annual negotiations to determine commodities and amounts to be exchanged. It also allows barter in exceptional cases.
Japan—United Kingdom	1 April 1958 —31 Mar. 1959	Total value: Japan's exports to and imports from U.K. and its dependent territories for the year were fixed at £178.9 million and £99 million respectively. Japan: textiles, machinery, canned food, lumber, metals, electrical machinery, chemical products, pottery and glassware, bicycles and parts, raw silk etc. United Kingdom etc.: wheat and barley, oil and fat materials, salt, rubber, petroleum, hides and skins, leather, tanning extracts, machinery and parts, chemical products, wool, raw cotton, jute, minerals etc.	Payment in pounds sterling.	Trade arrangements, signed in London on 25 April 1958.
Korea (northern)—Bulgaria	Through 1959			Trade protocol, signed in Sofia on 27 December 1958.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Korea (northern) —Czechoslovakia	1958—1961	Korea: non-ferrous metals, processed foodstuffs etc. Czechoslovakia: power plant equipment, rolling installations and other machines		Long-term trade agreement, signed in Pyongyang on 13 April 1958. At the same time was signed a protocol for 1958, providing for bigger trade volume than 1957.
Korea (northern) —Germany (eastern)	Through 1958	Korea: non-ferrous metals, marine products, canned goods, agricultural produce, non-metal minerals etc. Germany: various kinds of machines and equipment, chemical products, communication apparatus etc.		Protocol, signed in Pyongyang on 22 March 1958 under the long-term (1958-1961) trade agreement concluded in February 1957.
Korea (northern) —Hungary	Through 1958	Korea: non-ferrous metals, processed foodstuffs and chemical products. Hungary: dye-stuffs, laboratory equipment, machinery and aluminium products		Trade agreement, signed in Pyongyang on 6 May 1958.
Korea (northern) —Hungary	1959—1961			Long-term trade agreement, signed in Budapest on 30 December 1958. A protocol for 1959 was signed at the same time.
Korea (northern) —Outer Mongolia	Through 1959	Korea: carbide, bicarbonate of soda, silk fabrics, canned fruit, apples, white ginseng, tobacco etc. Outer Mongolia: meat, wool, hides etc.		Trade agreement, signed in Pyongyang on 25 August 1958.
Korea (northern) —Poland	Through 1958	Korea: magnesia clinker, non-ferrous metals and medical herbs. Poland: rolled structural steel, chemicals, machines and measuring instruments.		Trade agreement, signed in Pyongyang on 22 February 1958.
Korea (northern) —USSR	Through 1958	Korea: lead and zinc ores and concentrates of non-ferrous metals, iron alloys, chemical products, canned goods, apples etc. USSR: industrial equipment, automobiles, rolled ferrous and non-ferrous metal goods, petroleum products, pipes, cables, chemicals, products, rubber goods for industry, medicaments, paper etc.		Trade protocol, signed in Moscow on 9 January 1958.
Korea (northern) —USSR	1959—1965	Korea: non-ferrous metals, high-grade steel, pig iron, silk, fruits etc. USSR: complete sets of equipment, ferrous and non-ferrous metals, machines, cables, petroleum products, ginned cotton, sugar etc.		Long-term trade protocol, signed in Moscow on 15 May 1958. Under the agreement Soviet Union will also provide technical assistance to Korea in the construction and expansion of industrial enterprises and in designing work.
Korea (northern) —USSR	Through 1959	Korea: concentrated non-ferrous metal ore, zinc, high-speed steel, rolled ferrous metal goods, pig iron, iron alloy, carbide, cement, silk fabrics, fruits etc. USSR: various kinds of industrial equipment, trucks, road-building machines, tractors, bearings, farm machines, ferrous and non-ferrous metals, rolled ferrous metal goods, pipe, galvanized iron plate, cable wire, petroleum products, paper ginned cotton etc.		Protocol, signed in Pyongyang on 30 December 1958. Trade volume to increase by over 50 per cent as compared with that of 1958.
Korea (southern) —United States		Total value: \$50 million, including \$9.6 million of transportation costs. United States: wheat (\$24.5 million), barley (\$12.3 million), grain sorghums (\$2.1 million), corn (\$1.5 million).	Payment in Korean hwan.	Surplus agricultural commodity disposal agreement under US Public Law 480, signed in Washington on 5 February 1958. The equivalent of \$41 million of the sale proceeds will be used for common defence purposes, \$7 million for meeting US obligations in the Republic of Korea, and \$2 million for loans to US and Korean private firms through the Export-Import Bank of Washington.
Pakistan—France	1 Oct. 1957— 30 Sep. 1958	Pakistan: raw cotton, raw jute, sports goods, hides and skins, tea, raw wool, animal hair, henna, furs, carpets, santonin, cottage industry products etc. France: chemicals, dyes and dyeing and tanning substances, tyres and tubes, artificial silk yarn and thread, motorcars, viscose packing and wrapping film, essential oils, sheet and plate glass, asbestos sheets etc.	Open account in francs for Pakistan cotton exports and French exports, and balance at end of the agreement period to be settled in sterling; other Pakistan exports to continue to be paid for according to the regulations applicable to payments between the Sterling Area and the territories of the Franc Area.	Trade agreement, signed in Karachi on 17 February 1958 for a period of one year beginning 1 October 1957. Most-favoured-nation treatment mutually granted.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Pakistan—Poland	1958	50,000 tons of Polish coal for Pakistan cotton.	—	Barter agreement, signed in Karachi on 8 August 1958.
Pakistan—Portugal	One year, provisionally from 16 June 1958	Pakistan: jute and manufactures, cotton, electric fans, razor blades, medicinal herbs, sports goods, surgical instruments, ivory and handloom products etc. Portugal: fertilizers, glassware, timber, medicines, refractory products, manufactured cork, sugar etc.	—	First trade agreement, signed in Karachi on 16 June 1958, subject to ratification. Most-favoured-nation treatment mutually granted. The agreement will be automatically renewed each year unless terminated on three months' notice before expiry.
Pakistan—United States	Nov. 1958—June 1960	Total value: \$82 million. United States: wheat (31 million bushels), rice (1 million bags), vegetable oils (44 million lb.), cotton (5,000 bales), and dairy products (\$150,000).	Payment in Pakistan rupees.	Surplus agricultural commodity disposal agreement under US Public Law 480, signed on 26 November 1958. Of the total rupee proceeds from the sales 42 per cent will be for a loan and 15 per cent for a grant to the Pakistan Government for economic development, 28 per cent for various US uses in Pakistan, and 15 per cent for loans to US and Pakistan private enterprises through the Export-Import Bank of Washington.
Philippines—Israel	Up to end-1958	Total value: \$2 million each way.	—	Trade agreement, signed on 8 April 1958.
Philippines—United States	1958	\$4.1 million worth of US rice, including transportation costs.	Payment in pesos.	Signed in Manila on 3 June 1958 under US Public Law 480. The peso proceeds from the sale will be used for the following purposes: 25 per cent for loans to US and Philippine private firms by the Export-Import Bank of Washington; 25 per cent for common defence; the remainder for other US uses in the Philippines.
Viet-Nam (northern)—Czechoslovakia	Through 1958	Viet-Nam: agricultural and forest products, minerals, fine art articles etc. Czechoslovakia: machinery and accessories, bicycles and accessories, laminated metals, chemical and pharmaceutical products etc.	—	Trade agreement, signed in Hanoi on 26 March 1958. Trade volume to be bigger than in 1957.
Viet-Nam (northern)—Czechoslovakia	1959—1960	Viet-Nam: rice, oil-seeds, tin etc. Czechoslovakia: pumps, metal-cutting machines, bicycles, tyres, rolled steel products, paper etc.	—	Two-year trade agreement, signed in Prague on 1 December 1958. Trade volume to increase 17 per cent in 1959 and 30 per cent in 1960 over 1958.
Viet-Nam (northern)—Germany (eastern)	Through 1958	Viet-Nam: maize, rice, oil-seeds, veneers, railway ties, spices, canned pineapple, bamboo, feathers etc. Germany: machines, electrical and optical products, precision instruments, medical appliances and pharmaceuticals, bicycles, radio equipment, glass and ceramic products etc.	—	Trade agreement, signed in Leipzig on 8 March 1958.
Viet-Nam (northern)—Germany (eastern)	1959—1960	Viet-Nam: farm products such as maize and oil-seeds, minerals, handicraft articles etc. Germany: machinery and equipment, precision instruments, optical products, electrical, chemical and pharmaceutical products, fertilizers etc.	—	Two-year trade agreement, signed in Hanoi on 1 December 1958.
Viet-Nam (northern)—Hungary	Through 1958	Viet-Nam: rice, maize, oil-seeds, vegetable oils, handicrafts etc. Hungary: machinery and parts, electrical goods, chemicals, pharmaceuticals etc.	—	Trade protocol, signed in Hanoi on 1 April 1958.
Viet-Nam (northern)—Hungary	1959—1960	Viet-Nam: oil-seeds, vegetable oils, forest products, handicrafts etc. Hungary: machinery and equipment, electrical goods, radio sets, precision instruments, dye-stuffs etc.	—	Two-year agreement on trade and scientific and technical co-operation and trade protocol for 1959, signed in Budapest on 29 November 1958. Trade volume in 1959 will be much bigger than in 1958.
Viet-Nam (northern)—Outer Mongolia	Through 1958	Viet-Nam: timber, dried fruits etc. Outer Mongolia: leather, furs etc.	—	Trade agreement, signed in Hanoi on 30 December 1957. Trade volume to double that of 1957.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Viet-Nam (northern) --Poland	Through 1958	Viet-Nam: rice, maize, oil-seeds, tin, jute, handicraft articles etc. Poland: machine-tools, motor-cars, precision instruments, electro-technical equipment, laminated metals, textiles etc.		Trade agreement, signed in Warsaw on 14 March 1958.
Viet-Nam (northern) --Romania	Through 1958	Viet-Nam: rice, shellac, tin etc. Romania: transformers, pharmaceutical products, building materials etc.		Trade agreement, signed in Hanoi on 10 July 1958. Volume and variety of trade to be greater than 1957.
Viet-Nam (northern) --USSR	Through 1958	Viet-Nam: precious wools and articles made thereof, jute, rice flour, tea, coffee, spices, handicraft articles etc. USSR: petroleum products, fertilizers, laminated ferrous metals, cotton yarn, motor-cars, various equipment, electric appliances etc.		Trade protocol, signed in Hanoi on 12 March 1958. Trade volume to increase considerably over 1957. A trade and navigation agreement, providing for reciprocal preferential treatment, was signed at the same time and ratified on 2 October 1958.
Viet-Nam (northern) --USSR		Viet-Nam: rice, banana, tea, coffee, plywood, knit goods, footwear etc. USSR: electrical equipment, machine-tools, automobiles, tractors, farm machinery, petroleum products, fertilizers etc.		Trade protocol, signed in Moscow on 29 December 1958. Trade volume to increase by more than 70 per cent over 1958.
Viet-Nam (southern). --United States	1958	\$6 million worth of US tobacco, including transportation costs.	Payment in piastres.	US Public Law 480 agreement, signed on 17 June 1958. 25 per cent of the piastre proceeds from the sale will be set aside for loans to US and Vietnamese business firms in Viet-Nam. The remainder will be used for various purposes including procurement for common defence, market development, payment of US obligations in Viet-Nam etc.

CORRIGENDUM TO THE ECONOMIC BULLETIN FOR ASIA AND THE FAR EAST, 1958

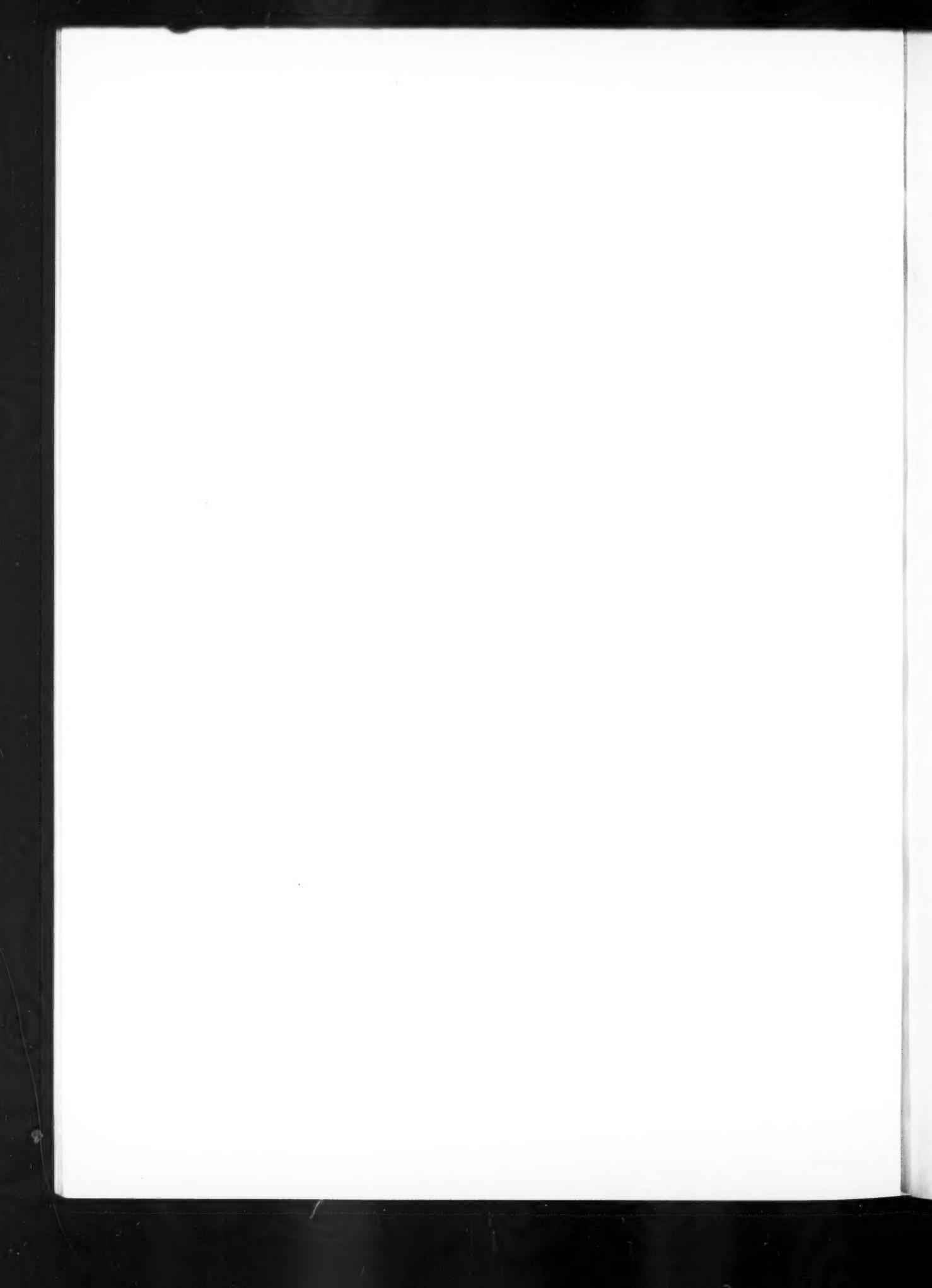
The following corrections are to be made for table 1, "International economic aid to ECAFE countries, 1 July 1956—20 June 1957", which appears on pages 5 and 6 of the September 1958 issue of the *Bulletin*:

1. Delete the two columns showing "Surplus Agricultural Commodities Programmed" and "Sub-total" under U.S.A., and also footnote d.
2. Revise footnote c to read as follows: "Mutual Security Programme (MSP) aid consists of defence support (which is distinct from military assistance and represents economic aid to countries linked to the United States by military agreement), development assistance and technical co-operation. It also includes the dollar equivalents of local currency arising from sales of surplus agricultural commodities under Title I of the United States Public Law 480 (Agricultural Trade Development and Assistance Act of 1954) transferred in the fiscal year in question as grants or long-term loans for economic assistance, as well as disbursements from Export-Import Bank loans."
3. Change the figures in four columns to read as given below. (Only the figures in italics are corrections; others remain unchanged.)

	Total bilateral aid	Gross grand total	Net grand total (gross grand total minus loan repayments)	Total net aid per capita (dollars)
Afghanistan	12.7	13.8	13.8	1.15
British Borneo:				
Brunei, N. Borneo, Sarawak }	2.6	3.3	2.7	2.70
Burma	1.0	5.0	4.8	0.24
Cambodia	40.8	41.1	41.1	9.34
Ceylon	9.6	13.7	13.7	1.54
China: Taiwan	<i>111.8</i>	<i>112.3</i>	<i>111.1</i>	<i>11.69</i>
Hong Kong	7.2	7.2	7.2	2.88
India	<i>81.2</i>	<i>125.3</i>	<i>28.4</i>	<i>0.07</i>
Indonesia	16.2	18.2	3.5	0.04
Korea, southern	<i>314.8</i>	<i>335.7</i>	<i>335.7</i>	<i>15.12</i>
Lao	49.1	49.3	49.3	35.21
Malaya, Federation of, and Singapore	5.7	5.9	3.7	0.49
Nepal	1.9	2.2	2.2	0.26
Pakistan	<i>75.3</i>	<i>81.9</i>	<i>68.6</i>	<i>0.81</i>
Philippines	33.2	34.1	26.4	1.16
Thailand	43.6	51.7	50.2	2.39
Viet-Nam, southern	<i>245.5</i>	<i>245.8</i>	<i>245.8</i>	<i>19.8</i>
Region or groups of countries combined ..	16.9	18.9	18.0	
Total ECAFE countries	<i>1,069.1</i>	<i>1,165.4</i>	<i>1,026.2</i>	<i>1.43</i>
Total undeveloped countries	<i>2,505.9</i>	<i>2,788.7</i>	<i>2,455.9</i>	<i>2.12</i>

The following consequential corrections are to be made in column 1 on page 7:

Para. 1, line 4:	Original \$1.57 billion (\$1.7 billion gross)	Corrections \$1.03 billion (\$1.17 billion gross)
Para. 1, line 6:	48 per cent	42 per cent
Para. 2, line 15:	50 per cent	one-third





ECONOMIC BULLETIN FOR ASIA AND THE FAR EAST

The Economic Bulletin for Asia and the Far East (beginning with Vol. IV) is issued quarterly, in May, August, November, and February. The February issue contains the annual Economic Survey of Asia and the Far East, in addition to an annual summary of the trade agreements concluded and a compendium of Asian economic statistics. The May and August issues contain, in addition to a semi-annual survey in the August issue, articles and notes on particular subjects related to the Asian economy and a compendium of Asian economic statistics. The November issue (beginning with Vol. VI) is devoted to special studies and reports relating to economic planning.

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